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500 Americans Have Left Laos; 500 More to Go

VIENTIANE, Laos, May 25 (AP)—An American airline company on contract to the U.S. government closed its doors today and another was down to a third of its former size as the dismantling of American interests in Laos continued.

More than 500 Americans, most of them women and children, have been evacuated from leftist-dominated Laos in the last week, with about 80 leaving today following searches by students and police. About 400 to 500 Americans still remain. A U.S. Embassy spokesman said Bird Air—which had provided the U.S. mission here with six helicopters—flew out its equipment and about 10 American employees and closed its operation in Laos.

Strike to Stop French Presses Tomorrow

PARIS, May 25 (HTT)—The Communist-led General Confederation of Labor has called a one-day strike of the entire French press and printing industry for Tuesday. The strike is to protest attempts to distribute copies of the strike-bound mass-circulation Parisien Libéré provisionally printed in Belgium. The International Herald Tribune is also affected and will not have an edition on Tuesday. Thousands of copies of Parisien Libéré were brought from Belgium during the weekend. They were transported to Paris in 16 trucks escorted by French riot police. When the papers were transferred to smaller trucks for distribution, several violent incidents occurred between strikers and distribution workers. Parisien Libéré printers have been on strike for several weeks in a dispute over proposed staff cuts.

Soyuz Craft Aloft, Heads For Salyut-4

MOSCOW, May 25 (UPI)—Two Soviet cosmonauts successfully corrected their course today to head for a rendezvous with the Salyut-4 space laboratory, Tass reported.

The official press agency said that the cosmonauts twice fired the main engine on their Soyuz-18 spacecraft, which was launched yesterday, to place it into the orbit on which joint experiments of Soyuz-18 and Salyut-4 are planned.

It said that Lt. Col. Pyotr Klimuk, 33, the spacecraft's commander, and civilian flight engineer Vitaly Sevast'yanov, 40, were "feeling well" and the Soyuz-18 was functioning normally after orbiting the earth 14 times.

After the course corrections, the cosmonauts "thanked ground control for precise communications and received permission for their first sleeping session at dawn Sunday," Tass said.

Salyut-4 has been drifting unmaneuvered in space since Feb. 9, when two cosmonauts ended a monthlong mission aboard it, setting a Soviet space endurance record.

Duration Undisclosed

After Soyuz-18 blasted off from Central Asia, Soviet officials said that it would work with the orbiting laboratory for a series of experiments.

It did not say how long Col. Klimuk and Mr. Sevast'yanov, veterans of other Soyuz missions, would remain aloft.

The announcement was one of the first to disclose advance plans for a Soviet space mission but it stopped short of saying that the two cosmonauts would board the Salyut.

Official statements said that the Soyuz would conduct "further experiments" with the three-room, 20-ton station, which was launched on Dec. 26. An attempt last month to send two cosmonauts to the Salyut-4 ended in failure when a Soyuz craft aborted its flight after takeoff and landed in Siberia.

Western space experts believe that the Russians are anxious to use their costly orbiting laboratory for multiple missions. Three previous attempts had ended in failure, one of them killing three cosmonauts during a descent to earth.

The Soyuz-18 flight was begun seven weeks before the scheduled July 15 effort to achieve an orbital rendezvous of a similar Soyuz craft and a three-man Apollo ship of the U.S. space agency.

After yesterday's launch, Soviet officials went to some length to deny that there was any connection between the two missions.



One of seven Lebanese soldiers killed in Israeli raid.

Norway, Denmark Also Like F-16

Dutch Want to Buy U.S. Jet; Only Belgium Favors Mirage

By David Fouquet

THE HAGUE, May 25 (WP)—The Dutch government decided early yesterday that it wants to buy the U.S.-made F-16 jet fighter for its combat forces but said its decision also depends on three countries following suit.

The announcement by the Dutch Cabinet has the effect of putting additional pressure on Belgium, which is the only remaining member of a four-country consortium in the market for new aircraft still leaning toward the competing French Mirage F-1. The two other allies involved directly, Denmark and Norway, have already indicated that they also want to buy the American plane.

The decision by the Dutch Cabinet, which will be sent to parliament in the next few days, was made after more than a year of deliberation. But it does not completely end the suspense since Belgium must swing around to make the decision unanimous. The four countries all along have said they wanted to buy the same plane jointly to replace the F-104 Starfighters in their arsenals.

Their total order would amount to more than 300 aircraft with an estimated total cost of \$3 billion. The competition between the United States, France and Sweden to win this market has been intense and highly politicized.

The Dutch announcement did not specify how many planes the country would buy. The Dutch were originally planning to order 104 planes but have been under strong internal pressure to reduce that figure to about 85.

Belgian Premier Leo Tindemans said Friday that his government would not act until he had discussed the matter with President Ford at this week's NATO summit meeting in Brussels. The Belgian government, al-

though still divided and uncomfortable on its choice, has in the last few weeks been trying to persuade the other countries to purchase the French aircraft and use that order as the basis for new European cooperation in aviation production.

In a last-ditch effort earlier this month, Mr. Tindemans met French President Valéry Giscard d'Estaing. However, the French offer that emerged from this Paris meeting did not induce the Dutch to change their mind.

The Dutch government has also been under strong internal pressure not to choose the F-16. The Dutch Labor party, the leading member of the government coalition, recently opposed the purchase of an aircraft as sophisticated as either the American or French planes. The party wants the government to buy a cheaper plane that does not possess the capability of delivering nuclear weapons.

No Comment in Paris
PARIS, May 25 (Reuters)—The Dassault company, manufacturers Continued on Page 2, Col. 7

Suez Canal Rates to Be Doubled

CAIRO, May 25 (NYT)—Egypt announced yesterday that charges for ships going through the Suez Canal will be roughly twice the rates that prevailed before the canal was closed in the Arab-Israeli war of 1967.

The new rate will be 1.611 Special Drawing Right units for each ton of "Suez Canal net tonnage." A Special Drawing Right unit is the equivalent of \$124.

"Suez Canal net tonnage" is a special measure of volume, rather than weight, that has been used by the canal in the past—one ton of it corresponds to about two

Beirut Cabinet Crisis; Lebanon, Israel Battle

Moslems Opposed to New Regime

By Juan de Onis

BEIRUT, May 25 (NYT)—Lebanon's new military-dominated Cabinet was may collapse today in the face of solid opposition from Moslems and parliamentary forces.

A severe clash in southern Lebanon with Israeli troops barely distracted attention in this tense capital from the political crisis created by weeks of street fighting and the appointment Friday night of a Cabinet of military officers.

[The fighting in the south lasted nearly 14 hours and was the fiercest in three years with both sides trading artillery fire and calling in reinforcements. United Press International said that a Lebanese military spokesman reported, He put Lebanese casualties at seven dead and three wounded and said Israeli casualties numbered at least five dead and an undetermined number of wounded.]

[He said the fighting started when Lebanese troops spotted an Israeli raiding party crossing the border near the village of Aita el-Chaab before dawn. The two groups fought and the Israelis brought up heavy art and artillery support to cover their evacuation of wounded. UPI said the spokesman stated, "We rushed in reinforcements and by noon our forces were engaged in full-scale battle." The Israelis left Lebanon this afternoon, it was reported here.]

Israeli Account
[In Tel Aviv, UPI reported, an Israeli military spokesman said that in an effort to rescue a patrol which had run into stiff resistance from the Lebanese Army, more than 200 infantrymen and a few air force jets were used.]

[An Associated Press dispatch said that Israeli forces frequently patrol inside Lebanese territory in search of guerrilla concentrations and the Lebanese Army usually does not interfere.]

President Suleiman Franjieh, whose announcement Friday of Lebanon's first military-dominated Cabinet took everyone by surprise, was under heavy pressure from other Arab governments, from Algeria to Kuwait, to restore a cabinet with parliamentary support.

Foreign Minister Abdel Halim

Khaddam of Syria, accompanied by Gen. Naji Jamil, the Syrian Air Force commander, sat in on a meeting that Mr. Franjieh had today with Lebanon's two leading Christian politicians, Pierre Gemayel and Camille Chamoun, who initially welcomed the military-dominated cabinet.

The formation of a cabinet composed mainly of army officers is opposed by all Moslem political and religious leaders here, along with other Arab governments, as a more inspired by the Christians' rightist Phalangist party and directed against the Palestinian guerrillas.

Month of Clashes
In the last month, recurrent clashes between a mixed Phalangist and Palestinian guerrillas, who are based in refugee camps here, have turned this

commercial, banking and tourist city into a battleground.

In the last week, at least 50 persons have been killed and more than 150 wounded in clashes. In some neighborhoods where Christian and Moslem sectors face each other, the fighting has extended to other groups, including Shia Moslems and leftist militias of various Moslem political leaders. Another truce was declared today.

In the Cabinet named Friday, the Premier is Brig. Gen. Nureddin Rifai, 76, who retired in 1962 as director of internal security. The Cabinet also has six army officers, including Lt. Gen. Iskandar Ghannem, commander in chief of the army. The appointments have been dangerously polarized Lebanon's delicate political relations.

(Continued on Page 2, Col. 4)



Nureddin Rifai

Khaled Says He Can Accept Israel's Right to Existence

By Jim Hoagland

RIYADH, May 25 (WP)—King Khaled of Saudi Arabia said yesterday that his nation would concede Israel's right to exist in its pre-1967 borders in return for total Israeli withdrawal from Arab lands occupied in 1967 and the establishment of a Palestinian state between Israel and Jordan.

King Khaled became the first Saudi ruler to declare explicitly that his deeply conservative nation would accept Israel's existence. His rare remarks were made in the first formal, extended interview he has granted since coming to the throne following the March 25 assassination of his brother, King Faisal.

The 61-year-old monarch also resolved the ambiguity that King Faisal deliberately had left concerning the long-term viability of a Palestinian state based on the former West Bank territory of Jordan. He declared that Saudi Arabia would extend financial help to a Palestinian state on a scale similar to its support of Syria, Egypt and Jordan.

"We are doing our duties vis-à-vis Arab brothers and will also fulfill our obligations toward the Palestinian state once it is established. At such time when these things have been accomplished and Israel has withdrawn from all the occupied territories, including Jerusalem, it can live within its 1967 borders," the King said.

No Formal Recognition

King Khaled's remark fell far short of offering the diplomatic recognition and normal relationships that Israel has demanded from the Arab states as part of a final peace settlement. Senior Saudi officials have said Saudi Arabia will not agree to formal recognition of Israel. In addition, Israel has insisted that it will not return all land seized in the war, especially the Old City of Jerusalem.

King Khaled's responses to a series of questions, submitted in writing in advance here in the Saudi capital, provided a sharp contrast to the Saudi official ambiguity that King Faisal spread over the question of Arab co-existence with Israel and many other matters. King Khaled's (Continued on Page 2, Col. 1)

UN Experts Say Third World Is Not Hurt by Pricing System

By Edwin L. Dale Jr.

WASHINGTON, May 25 (NYT)—A group of experts from industrial and less developed countries has reported unanimously to the United Nations that a widely held belief about the world economy—that in the last 25 years the prices of raw materials exported by poor countries have risen less than the prices of the manufactured goods that they import—is not true.

In their findings, the experts excluded oil, which has recently undergone a quadrupling of price as a result of successful operation of a producer cartel. If oil had been included, the conclusion would have been even more striking.

The almost universal acceptance of the view that price movements have been adverse to the less developed countries has been a key element in their attitude—and that of many persons in the richer countries—that the world economy has been "rigged" against nations of the so-called Third World. Their poverty, these nations have argued, has resulted in considerable part from relative price movements between raw materials and industrial products.

The report of the 10 experts says: "There was general agreement that the statistics presented to the group did not provide any clear evidence of a long-term deterioration in the terms of trade of developing countries, although they did suggest that these terms

of trade were subject to substantial short-term fluctuations."

"Terms of trade" is the expression used by economists to describe relative price movements of a nation's exports and imports. The terms of trade deteriorate when import prices rise faster than export prices.

The group of 10 experts from nine countries was appointed, following a resolution last year of the UN General Assembly, by Gamal Abdel Nasser, secretary-general of the UN Conference on Trade and Development.

The panel's mission was to study the feasibility of "indexation"—some system for assuring that prices of raw materials exported by the poorer countries would rise along with prices of industrial products, or at least that the total "real" income of the poorer countries would be maintained in some way.

The group reached no agreement on indexation—either its basic desirability or how it might be brought about. But they did agree in their report to Mr. Correa that there has been no long-term price trend working against the less developed countries.

A copy of the report has been obtained by The New York Times. The chairman of the study group was Hendrik Eouthakker, an American, who is a former member of the President's Council (Continued on Page 2, Col. 4)

Critics of U.S. Spy Subs Offer Mission Details

3-Mile Limits of Other Nations Entered at Times Since 1960

WASHINGTON, May 25 (HTT)—Details of a U.S. Navy program of spying at times inside Soviet waters by using specially equipped submarines have been made public here by critics of the program.

These critics question whether such operations should continue in the current atmosphere of U.S.-Soviet detente and admitted that they were speaking in hopes of forcing changes in how intelligence is collected and used by the U.S. government.

The Washington Post first reported the existence of the underwater intelligence system in January, 1974, but a dispatch in The New York Times this morning was the first to disclose details about the missions. The Post's dispatch drew no official reaction from either the United States or the Soviet Union.

In reaction to today's Times article, senior Pentagon officials conceded that the Navy has used specially equipped submarines to spy on the Soviet Union but denied that the missions have violated that nation's three-mile territorial limits. A senior Navy admiral asserted: "No submarines have been closer than three miles."

In the Times article, Seymour Hersh reported that for nearly 15 years, the Navy has been using special, electronically-equi-

ped submarines to spy at times inside the three-mile limits of various nations.

Code-Named Holystone

The highly classified missions, code-named Holystone, have been credited by supporters with supplying vital information on the configuration, capabilities, noise patterns, and missile-firing abilities of the Soviet submarine fleet.

It is not known how many men and submarines have been involved in the undercover spying but at one point in the early 1970s, at least four such ships were known to be in operation.

Critics of the program, who include past and present members of the National Security Council, State Department, Navy and CIA, argue that much of the intelligence gathered by the submarines can be obtained through other means—such as satellites—which are far less provocative and less vulnerable to Soviet interception.

All the sources agreed that the Soviet Union was aware of the Holystone program, although perhaps not specifically of when and where the boats were on patrol.

Adding to the objections to the

missions raised by the critics, according to many former high-level government officials interviewed, has been the number of accidents and near-misses involving the submarines, such as the following:

- Two known collisions with Soviet submarines.
- The grounding—and eventual escape—of Holystone submarine within the three-mile limit off the east coast of the Soviet Union.
- The accidental sinking of a North Vietnamese minesweeper by a submarine on patrol in the Gulf of Tonkin during the Vietnam war.

- The damaging of a Holystone submarine that surfaced underneath a Soviet ship in the midst of a Soviet fleet naval exercise. Despite a search by the Soviet vessels, the submarine, which suffered damage to its conning tower, escaped.

It could not be learned how often penetration inside the three-mile limit was made, nor could it be learned whether such penetration needed special clearance. All the sources agreed, however, that Holystone missions had repeatedly violated the territorial

waters of the Soviet Union and other nations.

A source said that the submarines were able to plug into Soviet land communication cables strewn across the ocean bottom and thus were able to intercept high-level military messages and other communications considered too important to be sent by radio or other less secure means.

As outlined by the sources, Holystone was authorized in the early 1960s and its reconnaissance operations were placed by Secretary of Defense Robert McNamara, under the direct control of the chief of naval operations, the four-star admiral who heads the Navy.

At various times during the Vietnam war, officials in Washington reportedly delegated responsibility for missions to the navy admiral in charge of Pacific operations.

Control over the program was apparently tightened after North Korea seized the U.S. spy ship Pueblo in 1968, sources said, and the schedule of Holystone missions now has to be approved every month by the 40 Committee, the high-level intelligence review panel headed by Secretary of State Henry Kissinger.

Navy sources familiar with the program said that Holystone in-

Bordaberry Settles Dispute With Junta

MONTEVIDEO, May 25 (AP)—A spokesman for President Juan Bordaberry said yesterday that a dispute with military leaders had been "definitively overcome" and Mr. Bordaberry will remain in office.

The President had angered the military last week by firing Eduardo Pella as head of the National Meat Board. Yesterday's statement said that Jose Maria Rocca would be named head of the meat board tomorrow and Mr. Pella would become a member of the board of directors.

News Analysis

Congress' Numerous Recesses: The Public Begins to Wonder

By Spencer Rich

WASHINGTON, May 25 (WP).—Congress working hard or does it indulge in too many free vacations and long weekends at taxpayer expense?

There is no doubt that both members take frequent recesses. It is not uncommon for a 10-day Christmas vacation, and some have just gone home another.

Looking forward a bit, it plans

S. Planning New Limits on Radiation

WASHINGTON, May 25 (AP).—The Environmental Protection Agency has proposed stringent radiation pollution standards for the first time recognize some radioactive pollutants as a threat to millions of

though he admitted such cases are "infrequent," EPA Administrator Russell Train said proposed standards would limit 1,000 cases of cancer or genetic damage during the next 25 years.

Train said EPA scientists estimated that the new standards will cost the nuclear industry about \$100 million in the next 25 years. The standards will take effect in late

\$100,000 a case

bus, the costs to society to prevent the cancer and birth defects cases that might occur would be \$100,000 a case.

"I was in the nuclear industry, and I'm not, I would like to be money well off," Mr. Train said.

Standards provide that the dose to any organ except the thyroid gland cannot exceed 50 mrem. The current unit limit is 100 mrem.

A millirem is a unit of radioactivity. A standard diagnostic x-ray gives the body about 72 mrem.

New standards allow an annual dose to the thyroid of 150 mrem. The old standard was 500 mrem.

Radiation standards take into account the future impact of the radiation on all populations that may be exposed.

For example, old standards counted only the reactivity from each nuclear power plant at a site where there might be several operating. The new standards, Mr. Train said, place limitations on the overall activity of several nuclear facilities at one site.

J.K. Firm Errs in Subway Car

LONDON, May 25 (Reuters).—Eighty new cars ordered for London's Underground rail network are too small to go through the tunnels, was disclosed here last night.

An embarrassed London Transport spokesman said the firm was lowering tracks to the line for which the cars are destined.

The spokesman, who declined to estimate the cost of fixing the mistake, said 80 cars were among 800 to be built by a British engineering company for a total of \$1 million (about \$65 million).

three more 10-day vacations—for Independence Day, Columbus Day and Thanksgiving—plus a whole month off in August for a summer vacation.

Some people think that the long and frequent recesses are helping destroy public confidence in Congress.

They believe that the average person, who works 40 to 50 weeks a year, does not understand why Congress should take off two to three months while the nation's problems are mounting.

"I'm just amazed at the delays," said Sen. Jesse Helms, a conservative Republican from North Carolina.

U.S. Is Watching

"I know the leadership has its problems trying to schedule votes and home visits for the convenience of members. But I believe the American people are watching this and they're not going to let them off the hook. They're not going to let them off the hook."

Fred Wertheimer, legislative director of the liberal-leaning Common Cause, a leader in the fight for reform of congressional procedures, made the same point in a rather more muted way: "It sends the wrong signal to the country, when we are facing economic problems and a severe energy problem, when they go off before either chamber has even considered energy conservation legislation."

Mr. Wertheimer was referring to the energy tax bill, which was ready for House floor debate but was put aside until after the current recess.

Still, despite the many recesses, Congress has a reasonable list of legislative achievements to its credit so far this year. Many members defend the time off as needed to let congressmen and senators get back home and listen to what the people are saying and thinking—a vital activity for legislators.

"Our work is not suffering from the recesses," said Senate Democratic whip Robert Byrd, D-W.Va. "The basic theory behind the recesses is to give members a chance to get back home and listen to their people and talk with their people—otherwise you lose touch and don't know what the public wants."

Ardent Defender

Possibly the most ardent defender of the numerous recesses is Sen. Robert Packwood, R-Ore., who has been pressing for them for years, and who vehemently denies that junketing and taking it easy during days off is the rule.

"Work isn't just what happens on the Senate floor. Work is also answering letters, meeting constituents, attending legislative committee hearings, studying legislative problems and working with staff," Sen. Packwood said.

Like Sen. Packwood, many of the legislators do use the extra time off for work, but not always. In the long winter recess—after Congress goes home for the year but before the next session meets—the flights from National Airport here to Aruba, San Juan, Jamaica and other Caribbean watering spots are jammed with legislators.

There is good reason for delay and slow action within the broad scope of the legislative process. It allows time for careful study, sifting out of spurious arguments, resolution of conflicts, the slow formation of a consensus.

Constituents' Feelings

Sen. Packwood and Sen. Byrd are correct in saying that legislators need to walk and talk among the people, not just depend on mail and public opinion polls to tell them how constituents are feeling. Years ago, Congress used to meet only half the year, leaving the other half for members to go home, attend to private business and farms and live in their own communities.

Still, in the new environment in which the "imperial presidency" has been partially cut down, Congress has bigger burdens of leadership and responsibility than ever before in recent years. And how must it have looked to both the nation and the world when both the President and Congress were off vacationing during a crucial part of the fall of Indochina?

Sentiment for 'Yes' Vote Grows

Economic Slide Is Focus of Welsh Debate on EEC Vote

By Alvin Shuster

RTHYR TYDFIL, Wales, 25 (NYT).—Richard Mackey, principal of a Roman Catholic school, and the Rev. William an, a minister of the Anglican Church in Wales, are close to who have worked for the party for years, backing some candidates and the cause.

The first time they are on either side of an issue and they meet for a beer in the 105 Housing Development, they joke about it in the 30 and easy manner of the Welsh. The issue is the 1975 Common Market, with Mackey backing Britain's withdrawal.

Both have been on the 5 of this town of 50,000, 25 out of 100 in hopes of 25 voters in the advisory 5. They have found the as divided as themselves,

the Labor party and the nation in general. The debate in this region of 3 million persons focuses on the future and on whether Wales is more likely to end its chronic economic depression in or out of the nine-nation EEC.

Cardiff District

Leading Welsh members of Parliament are also at odds. James Callaghan, the foreign secretary, who favors a "yes" vote, represents a district of Cardiff. Michael Foot, a left-winger who is employment secretary, is a devout anti-Market campaigner who represents Ebbw Vale, which is now suffering from a steel recession.

Even the scenery in southern Wales, home of about 70 percent of the Welsh, is full of sharp contrasts. It has some of the ugliest areas in Britain—scarred landscapes, deserted coal mines, dreary housing and piles of slag from steel furnaces. Farther north, through Brecon Beacons National Park, are hills and valleys of spectacular beauty, and sleepy, picturesque villages.

Everywhere, from Cardiff with its 300,000 residents to tiny towns, there are elements of confusion and uncertainty over the EEC vote. The experts say they have detected a change in mood, from a certain "no" to an almost certain "yes."

Indeed, the pro-Market forces are much more in evidence and comments by many persons interviewed in southern Wales reflect a growing sense that Britain has no choice but to remain in the EEC. There may not be much enthusiasm but there is no great enthusiasm for the alternative of withdrawal either.

Better Off

The personal decisions are not being made by the Welsh on the basis of such great topics as national sovereignty, so often proclaimed by the politicians in London. Rather, they are deciding whether they will be better off in the bloc.

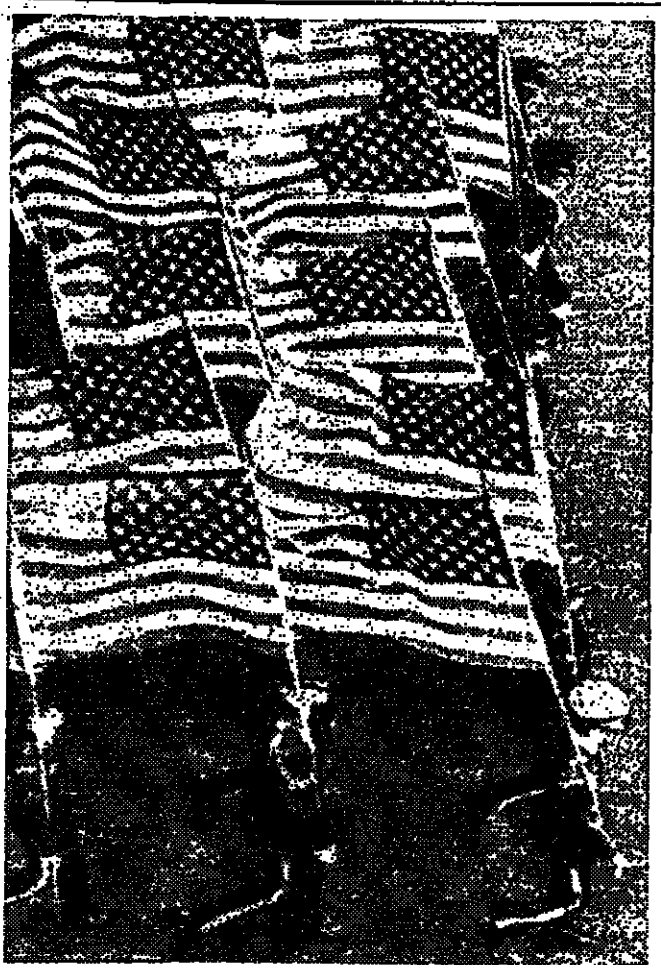
Some say the EEC will help guarantee jobs, others that membership will lead to more unemployment, now running at

nearly 5 per cent in Wales, compared with 3.5 per cent for Britain as a whole.

"I want to stay in for my children," said Shirley Robinson, a secretary who was having a beer in a pub in Tredegar. "Things won't improve quickly, but in the long run wages should get better. We can't do much in this world on our own."

"I grew up in Rhydyfili and never spent a vacation more than a couple of miles from here," said John Donovan, a truck driver at a washing-machine factory. "I want my kids to have more opportunities. I want Europe to be open to them and I want them to have a broader outlook beyond this town. Besides that, I think we stand to lose jobs if we pulled out."

Not all those who intend to vote are that clear on the reasons. There are some in this area—and elsewhere in Britain—who are not even aware that the country has been an EEC member for more than two years; they believe the vote is on whether to join.



COLORFUL—A color guard unit from a New York City high school marching up Broadway Friday in a parade marking the opening of the city's bicentennial celebrations. About 1,200 persons marched from Battery Park, at the lower end of Manhattan Island, to City Hall, passing St. Paul's Church where George Washington worshipped after his first inauguration.

Head of Senate Probe Hints At Action to Bar CIA Murders

By George Lardner Jr.

WASHINGTON, May 25 (WP).—The chairman of the Senate Select Committee on Intelligence Operations has warned that Congress may have to adopt legislation prohibiting the

Arabs' Share Of Oil Market In U.S. Rises

By Edward Cowan

WASHINGTON, May 25 (NYT).—Arab countries increased their shares of U.S. oil imports in the first three months of 1975, newly compiled government figures show.

Unpublished data made available yesterday by the Federal Energy Administration showed that Arab oil accounted for 22.7 per cent of imports, compared with 17.9 per cent in the fourth quarter of last year.

Saudi Arabia, the leading exporter, accounted for 13.4 per cent of first-quarter imports, compared with 10.8 per cent in the fourth quarter. Saudi shipments rose 780,000 barrels a day from 660,000.

Imports from Canada fell to 788,000 barrels a day from 923,000, cutting its share to 13.2 per cent from 14.8 per cent. Ottawa has announced that it will end all oil exports by 1982 as part of an effort to assert the primacy of domestic needs and its increasing independence of the United States.

Venezuela's shipments also fell as it cut back production to support high oil prices. The Caracas government said on May 7 that production would slide to 2.2 million barrels a day later this year from 2.9 million in 1974.

To inhibit imports, President Ford is expected to announce Tuesday an increase in the special tax on imported crude oil to \$2 a barrel from \$1. The President had an energy-policy meeting with his advisers at the White House yesterday morning.

The new oil data showed that imports accounted for 35 per cent of the national consumption in the first quarter, compared with 37 per cent in the fourth quarter.

CIA from engaging in assassinations abroad.

"It is simply intolerable that any agency of the government of the United States may engage in murder," the chairman, Sen. Frank Church, D-Idaho, said after the committee's third secret session with CIA director William Colby in the last 10 days.

Mr. Colby, under questioning for three hours Friday, testified solely on the question of CIA involvement in assassination efforts and plots, Sen. Church said.

Although Sen. Church repeatedly refused to state explicitly that Mr. Colby is acknowledging CIA participation in such plots, the senator's remarks clearly implied that such is the case.

Name, Reputation

Pressed to explain what he regarded as "intolerable," Sen. Church said: "I mean the United States government cannot involve itself in murder. I'm concerned about the good name and reputation of the United States."

As a result, he said, "if the facts were to lead the committee to the conclusion that there have been activities of this kind, we will insist that the laws be so written that this will never happen again" in time of peace.

The committee is investigating allegations that CIA officials and agents at various levels took part in plans and efforts to assassinate a number of foreign leaders, including Cuban Premier Fidel Castro.

Asked how high up "assassination discussions" went and whether they involved the White House at any time, Sen. Church said it was still unclear. "We're examining that matter very carefully," he said.

Illegal, Improper

Shortly after Mr. Colby was named to head the CIA in 1973, he issued a directive ruling out assassination efforts. The directive followed the CIA inspector general's investigation of illegal and improper activities brought to light by reports from agency employees. The inspector general's report was recently supplied to Sen. Church's committee.

Church has said the section on assassinations initially was deleted.

Despite the directive, Sen. Church said he considered the issue too serious to leave to an administrative edict that could be rescinded.

Rightist Unit Growing Fast In Argentina

Organization Attacks Marxism and Zionism

By Brian Mooney

BUENOS AIRES, May 25 (Reuters).—A new nationalist movement sworn to combat Marxism and Zionism has emerged in Argentina, using as its recruiting slogan, "The best enemy is a dead enemy."

The foundation of the movement, named Caudillo (strongman), coincides with an increasingly violent backlash against the left throughout the country.

It has alarmed Argentina's large Jewish community, whose members say they have detected signs of what could be a fresh wave of anti-Semitism here.

"We set up Caudillo to combat the Marxist-Zionist offensive and to save Argentina from its enemies," a spokesman for the movement said. "When the movement was formed last month, it launched a mass recruiting campaign, plastering posters in every street of the capital."

'Total Destruction'

"If one of us falls," the posters said, "the enemy's total destruction would not be enough to avenge his death. We will not destroy buildings, windows and people without cause. But if there is a cause, nothing will be left standing."

More than 100 persons a day have flocked to the recruiting centers, the Caudillo spokesman said. They were being organized into "command groups" for political training, he said.

Asked if the recruits, who are carefully screened, were expected to take up arms, the spokesman said: "They must be ready for the ultimate consequence."

Slogans and symbols on the posters are reminiscent of Hitler's Nazi party. An emblem of the Argentine condor is stamped on them, recalling the Habsburg eagle used by the German National Socialist.

Caudillo admits that it is based in part on European Fascist ideology.

Members of Argentina's 500,000-member Jewish community say they view the appearance of Caudillo and other recent events with concern.

"We are in a state of unease," said a spokesman for the most influential Jewish organization here, the Argentine Israelite Association.

"A number of recent events have alerted the Jewish community here," he said.

Police had refused to guarantee security during an annual Jewish assembly in the central city of Cordoba, he said. He added that there had been threats to burn down a theater in Buenos Aires, where a group of leftist Jews were planning to commemorate the Warsaw ghetto uprising.

In Buenos Aires, last night, three firebombs were hurled at a movie house showing an Argentine film on Jewish immigrants who settled on farms here at the turn of the century. The attack slightly damaged the theater but there were no injuries. Police sources said three youths were arrested.

Rightist death threats have been made against a number of Jewish personalities, including film director Sergio Renan. And there were unconfirmed reports that a rightist terror squad, the Tacuara, which operated here in the 1950s, was planning to assassinate a Jewish leader.

The Israeli Association spokesman said there were misgivings in the Jewish community here about what he called overtly pro-Arab policies of Social Welfare Minister Jose Lopez Rega.

Mr. Lopez Rega is also private secretary to President Isabel Peron.

The head of Caudillo, Fernando Alvarez, said the movement was rigidly pro-Arab but he denied that it was anti-Jewish.

"We will accept anyone who loves the country and works for it. But we will not accept enemies," he said.

Jaillbreak in Cordoba

CORDOBA, Argentina, May 25 (Reuters).—Urban guerrillas fired rockets and started fires to distract attention as they freed about 30 women from a jail last night, police said.

Police said the guerrillas used a truck to tug bars from a prison window and the women escaped down ropes and fled on the truck.

Many of them were being held on suspicion of belonging to illegal leftist groups.

Jewish School Attacked

MILAN, May 25 (UPI).—Vandals hurled four firebombs at a Jewish school during the night, breaking windows and setting a small fire, the police said today. Investigators said the attack occurred several days after anti-Jewish slogans were written on the walls of the school.



OOPS—Chilean fishermen scrambling to safety after bringing up an angry sea lion along with the fish in their nets. The animal was returned to the sea.

Mother's Day Opposed by Mrs. Giroud

PARIS, May 25 (AP).—Mrs. Francoise Giroud, Minister of Women's Affairs, said today she felt Mother's Day and similar recently created "days" should be abolished. Mother's Day is celebrated in France on the last Sunday in May.

Father's Day is in June but is widely ignored.

In radio interview, Mrs. Giroud, a mother, said: "I am in favor of doing away with all such days."

Apart from Bastille Day on July 14, May Day and religious holidays, she added, "I don't see a single day that is worth celebrating."

Bonn Is Now Less Optimistic On Economic Improvement

BONN, May 25 (AP).—Chancellor Helmut Schmidt's government now expects a deepening world trade recession to delay the West German economic upswing it had predicted for this summer, a spokesman said today.

The deputy chief Government spokesman, Armin Gruenewald, told a radio interviewer that Mr. Schmidt believes "world economic developments—the entire world economy is still in a recession—will delay this upswing."

Mr. Gruenewald said Economics Minister Hans Friedrichs reported to the Cabinet last week that he now expects unemployment to average 4 per cent, or 900,000 workers, this year instead

of 3 per cent as estimated at the beginning of the year.

Real economic growth for 1975 will be between zero and 1 per cent instead of 1 to 2 per cent, Mr. Gruenewald quoted Mr. Friedrichs as predicting. "Because of the world recession now developing, the tendency is toward zero" economic growth, he added.

Under a program introduced in December, the government pumped billions of marks into the economy and offered a Jan. 1-to-June 30 bonus of 7.5 per cent on investment by businessmen, farmers and industrialists in the hope of creating a modest upswing by early summer.

The program succeeded in boosting domestic orders somewhat but there has been little evidence of increased investment. Unemployment declined for the second straight month in April, from 4.9 per cent in March to 4.7 per cent, but experts said this was due mainly to seasonal factors.

The Organization for Economic Cooperation and Development now expects zero growth in world trade this year instead of the 4-per-cent increase on which the Bonn government has based its earlier predictions. Mr. Gruenewald said, adding: "This makes a difference for the German economy and for German employment. . . . Every fourth worker here depends on exports for his living."

He said the government is not considering a second pump-priming program to stimulate investment, because "you cannot switch investing sectors in Germany from one day to the next from the foreign to the domestic market."

Mr. Gruenewald expressed optimism that the lowering of key lending rates by the Frankfurt central bank last week will support the downward trend of interest rates on the domestic market and thus further encourage investors.

WHO Panel Asks Blood-Sale Curbs

GENEVA, May 25 (Reuters).—Delegates to the World Health Organization's annual assembly called yesterday for tighter laws to control trafficking in human blood.

A committee passed a resolution urging such a crackdown after studying a report that commercial firms were causing health hazards and creating ethical problems by taking blood from paid donors in poor countries for sale in industrialized states.

The committee's resolution, sponsored by 18 countries, urged states in the UN's health organization to promote national blood services based on voluntary, unpaid transfusions.

Wearing jeans and a shirt, she was helped into a chartered light plane at Kigoma by fellow students. They flew here with her.

U.S. diplomats quoted Miss Smuts as saying that she was brought across the lake by several guerrillas in a boat and left on the shore about 5 a.m. today. She walked a mile into Kigoma and turned herself over to Tanzanian police.

The diplomats said Miss Smuts was "emotionally wrought up and unable to answer police questions." The Americans sent her to the home of Alice Todd, a missionary's wife from Kansas. She slept for several hours.

"They apparently kept her in a village or in an encampment of some sort," said Hal Lucius, economic officer at the U.S. Embassy here. He and Lewis MacFarlane, consul on Zanzibar, were sent to Kigoma to help in the search.

At Kigoma, the American diplomats set up a radio transmitter in an effort to establish regular links to embassies in neighboring countries.

"Payment was made on these delivery receipts as was all others during this time," Mr. Simmons said. "Once the delivery receipts were signed, we paid the bill."

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From Refugee Camp to Canada

CIA Is Said to Have Assisted Top Thieu Aide to Leave U.S.

By Douglas Watson

WASHINGTON, May 25 (UPI).—The CIA applied pressure to obtain the speedy release from a U.S. refugee camp of Lt. Gen. Dang Van Quang, who was one of South Vietnam's most powerful officials and was widely accused of being one of its most corrupt, U.S. government sources have reported.

Gen. Quang, 45, who was a special assistant for military and security affairs to former South Vietnam President Nguyen Van Thieu and is suspected of having been a major heroin trafficker, went from Fort Chaffee, Ark., to Montreal on May 16.

Gen. Quang left the refugee camp after telling U.S. officials that his life had been threatened by other Vietnamese refugees there and after he had been moved to a restricted area to protect him from other refugees, a base spokesman said.

A CIA spokesman denied that the agency had arranged Gen. Quang's comparatively quick exit after an 11-day stay at Fort Chaffee, where more than 23,000 Vietnamese remain.

"Obviously, the guys [in the CIA] knew he was in the country," the CIA spokesman said of Gen. Quang, who had overseen activities of South Vietnam's equivalent of the CIA and worked closely with the U.S. intelligence agency.

No Action
The Drug Enforcement Administration took no action to block Gen. Quang's admission to the United States despite extensive allegations that Gen. Quang was involved in drug smuggling and was a "bagman" for the Thieu regime. A "bagman" picks up funds in illicit operations.

A DEA spokesman said last week that the evidence the agency had on Gen. Quang was insufficient for prosecution and that the information had been referred to the Immigration and Naturalization Service, which could bar Gen. Quang's re-entry into the United States.

Dean Brown, the former head of the U.S. intelligence task force supervising the evacuation of Vietnamese refugees in the United States, said that Gen. Quang

and other former high South Vietnamese officials have been given no special treatment at the refugee camps and no expedited departures.

A U.S. government source said on Friday that Gen. Quang telephoned from Fort Chaffee, a high-level CIA official here to plead for quick release from the camp. At last one high-level CIA official then called the interagency task force on Gen. Quang's behalf, the source said.

Artifacts Seized

AGANA, Guam, May 25 (UPI).—About 50 crates of "very old, very valuable" art objects yesterday were taken into custody by Guam authorities from a South Vietnamese freighter that arrived here May 15 with 522 war refugees.

The action was ordered by Gov. Ricardo Bordallo because of "persistent rumors of treasure" on the ship, Tan Nam Viet.

"We suspect that they are South Vietnamese national treasures," Mr. Bordallo said of the crates' contents.

Fifty-four crates were unloaded and moved to a warehouse, where they were opened by customs agents.

Most of the crates contained what appeared to be Chinese vases and urns, carved wood and porcelain treasures, and personal belongings.

The crates were addressed to Dao Diap Khanh, now living in Montreal. Huynh Phu Qui, who identified himself as the ship's owner-master and a friend of Mr. Khanh, said Mr. Khanh had left Vietnam April 15 to live with relatives in Canada.

Mr. Qui denied reports that his ship was carrying national art treasures, but also said he had no papers for the cargo, for himself or for his crew. He denied that the artifacts were worth anything near a reported estimate of \$150 million.

Later, he explained that the contents were mostly Vietnamese and Chinese art objects.

According to Ed Gould, press secretary to the governor, the artifacts will be held until their true ownership is determined.

North Korea Transfers Parts Of 2 Divisions Close to DMZ

By Drew Middleton

NEW YORK, May 25 (UPI).—In the last two weeks of the Vietnamese campaign, the North Korean high command moved elements of two armored divisions into position close to the Demilitarized Zone between North and South Korea.

These units have not been withdrawn, according to U.S. military analysts, and must be regarded as reinforcement of the North Korean troops deployed there.

The troop movements were accompanied by an extension of the North's tunneling operations. South Korean sources report that 17 tunnels have been identified by sensors. The assumption is that all or most could be blocked in the event of an attack but that some North Korean assault forces would break from the tunnels into South Korean territory.

Misreading Seen

Those preparations, the American analysts said, began well before the final Communist victory in South Vietnam, were intended during the last stages and continue.

The analysts believe that the preparations represent a fundamental misreading of the U.S. position in Korea—a misreading that fails to link its tactical involvement in South Korea with its strategic connection with Japan.

"Korea in itself is important," an intelligence source said. "We have a political and military commitment there. But it is doubly important when you consider our commitment to Japan, our firmest ally and the strongest industrial power in East Asia."

If the United States failed to support South Korea in the event of attack by the North, he said, the Japanese might seek an accommodation with the Soviet Union, which would then be the dominant air and sea power in the northwestern Pacific.

New Confidence

The American analysts detect confidence on the part of Kim Il Sung, the North Korean leader, and his military command that was not evident in the last decade. They believe it results from the North's conclusion that the American public would op-

pose involvement in a war on the Asian mainland, however strong the American commitment to an Asian ally might be.

They believe that Mr. Kim has canvassed the Soviet and Chinese governments on support for a military adventure. The American judgment, formed without specific information from Moscow or Peking, is that neither promised the North Koreans military aid.

However, it was emphasized, neither could withhold political support from a Communist colleague embarked on a "war of liberation" against capitalist "clients" and such support might have to be augmented by arms shipments.

No concern about the fighting qualities of the South Koreans was expressed by qualified American sources, who felt that the enemy of the South for the North was such that in the event of invasion internal differences would be discarded in favor of a national crusade to defeat the aggressor.

Comments by Kim

VIENNA, May 25 (Reuters).—Mr. Kim yesterday described talk about a possible attack on the South as "foolish," saying that the two halves of Korea should be reunited by democratic and peaceful means.

Foreign speculation about a Northern attack is "nothing but a last-ditch effort of the doomed," he told a rally in Bucharest, where he is on a visit.

The Romanian news agency quoted him as saying: "We invariably hold fast to the policy that the reunification of the country might be realized independently, without interference by any outside forces, on democratic principles, and by peaceful means."

Boar Problem in Italy

CIVIDALE DEL FRUOLI, Italy, May 25 (Reuters).—Farmers around Cividale in northern Italy are complaining about wild boars destroying fields of potatoes, police said.



Residents using shovels to clear away garbage and refuse from the streets of Saigon, piled up when the city fell.

Security Checks, Red Tape Slowing Refugee Settlement

By Douglas E. Kneeland

NEW YORK, May 25 (UPI).—The resettlement of South Vietnamese refugees has slowed to a trickle.

Most of the 130,000 who fled in the face of a Communist takeover of their nation are still languishing in military camps nearly a month after their escape. And many of them may be there a lot longer.

Frustrated by what they consider to be unnecessarily time-consuming security checks and bureaucratic bungling on the part of the government, officials of a number of the voluntary agencies charged with helping the refugees start new lives in the United States are now predicting that it may be a year or more before the resettlement is complete.

"How much background can you get on these people—how much security can you check?" asked Leon Marion, executive director of the American Council of Voluntary Agencies for Foreign Service, the umbrella organization for the seven volunteer groups that have assumed responsibility for the refugee resettlement.

"I'm not sure in this kind of extraordinary situation that this kind of security check is needed," he added in an interview.

A spokesman for President Ford's interagency task force on Indochina refugees replied in Washington that the task force had originally planned to cut through red tape and move the refugees out of the camps quickly, leaving most of the security checking for later.

WU of Congress
"But the executive branch has to bend to the will of Congress," she added, "and Congress made it clear that it wanted security checks done."

With the signing of the \$405-million refugee aid bill by the President yesterday, administration officials are hopeful that the whole resettlement process can be speeded up.

But many of those responsible for finding homes and jobs for the refugees are less optimistic. They note that most of the approximately 19,000 persons who have been moved out of the camps so far were relatives of Americans and did not have to be matched up with potential sponsors. From now on, they contend, the process will be much more difficult.

Saigon Is Cooperative

WASHINGTON, May 25 (AP).—Negotiations between the United Nations and the South Vietnamese government over returning refugees who want to go back are proceeding favorably, the new head of President Ford's interagency refugee task force said.

"We're delighted," Julia V. de la Taft, who succeeded Dean Brown Friday as head of the task force, said in an interview during the weekend.

She said that, when Mr. Brown testified before a congressional committee early last week that the South Vietnamese government was being obstructive about the return of refugees, he apparently was unaware of the progress being made in the negotiations.

"When [Mr. Brown] gave his testimony we had not heard of any positive response to the UN high commissioner on refugees about the matter," she explained. But since then the UN commissioner, Prince Sadruddin Aga Khan, has said the Provisional Revolutionary Government authorities are cooperating "and would indeed welcome the return of those who left their country."

An estimated 1,000 refugees have indicated a desire to return to their homes.

U.S. Copter Pilot, Later Slain, Tells of Saigon Airlift Ordeal

By James Feron

NEW YORK, May 25 (UPI).—According to the co-pilot of a helicopter, the U.S. evacuation of refugees from Saigon was halted because the crews of rescue helicopters were exhausted.

In a tape-recorded message to a friend, 2d Lt. Richard Van de Geer described the difficulty of finding the carrier Midway, off the coast of South Vietnam, and the false starts the helicopter crews experienced at the onset of the evacuation.

The tape-recorded message was received here on May 15, the day Lt. Van de Geer died when his helicopter was shot down off Koh Tang Island in the Gulf of Thailand during the rescue of the freighter Mayaguez and its crew. In his tape message describing the Saigon evacuation, the officer said that one morning the helicopter crews were awakened and told to man their aircraft at 3 a.m.

"Sit Around"
"We didn't do anything but sit around in our armor and sleep," he said. The day of the evacuation, they were strapped in their aircraft at 11 a.m., but left five hours later.

"I was in the aircraft for 14 hours," he said, during which time he made four sorties into the South Vietnamese capital. "We pulled 2,000 people out," he said, "and quit only because it was beyond human endurance to get any more."

Lt. Van de Geer, who was killed when his helicopter was hit by ground fire in the initial assault on Koh Tang Island, had helped evacuate Phnom Penh before the Saigon mission and later assisted in the removal of U.S. aircraft from Thailand. Speaking into a tape recorder at a secret base in northern Thailand used by the 21st Special Operations Squad-

Aden Bars Return Of Five to Bonn

BERLIN, May 25 (Reuters).—Southern Yemen has refused a West German request to hand over five anarchists who were freed from German jails and flown to Aden in March to secure the release of kidnapped West Berlin politician Peter Lorenz, the Southern Yemeni Embassy in East Berlin said.

The embassy said that the West German government had promised Southern Yemen not to demand extradition when it applied for permission for the five to be admitted to Aden.

West Germany recently asked for their extradition but Southern Yemen refused because of the earlier agreement, the embassy said.

1st Western Newsmen Leave S. Vietnam Since Red Victory

From Wire Dispatches

VIENTIANE, Laos, May 25.—The first Westerners to leave Saigon since the Communist take-over April 30-81 newsmen, and a retired French general who was expelled by the new South Vietnamese authorities—arrived in Laos yesterday.

The group made the 2 1/2-hour flight in a North Vietnamese Ilyushin-18 aircraft.

Among the reporters was Peter Arnett of the Associated Press. His report follows:

After 25 days of living under the new Communist rulers of South Vietnam, all of us were happy to leave.

The newsmen and photographers aboard the Russian-built aircraft with Hanoi's yellow-starred red flag on the tail cheered as it took off from Saigon's Tan Son Nhut Airport yesterday morning.

Not that our Communist hosts had been unkind. "I am absolutely amazed at the smoothness of the take-over. The continued discipline of the North Vietnamese troops has been astounding," Stewart Dalby of the Financial Times of London said.

Other Western newsmen echoed this view. The courtesy continued right up to the hour of departure when customs officials allowed all film to be carried out. Newsmen had been accumulating dozens of rolls and had been unable to ship any to the outside world.

But there were hints of more difficult days ahead. On Thursday and Friday both TV and still photographers had film confiscated by soldiers after taking pictures of routine city scenes. Film showing newsmen climbing on the airport bus for a Friday flight, later canceled, also was confiscated.

Officials of the new regime remained unavailable for comment on the current scene within the country. It seemed apparent that the free-wheeling days of the Western press in South Vietnam were nearly over.

"All we really saw in our cameras was the military take-over and its aftermath, not the real Communist revolution," Brian Barron of BBC said. "This is beginning to stir but I doubt that we will be allowed to witness it."

The new Saigon authorities have allowed about a dozen Western newsmen to stay in Saigon for the time being, including seven Americans.

On the surface Saigon is little changed, with restaurants open and traffic moving freely. At first glance only the uniforms of the soldiers and police and the flags have changed.

Then a waitress at a restaurant, long popular with foreigners, said they can no longer play Western music. The manager of the modern Caravelle Hotel said the state has taken over the property and his staff will in the future be paid mainly in bulk rice.

A student demonstration suddenly materialized, chanting criticism of foreign books. Leaders threatened a book burning of items from the sidewalk sellers.

But try to check out this activity with an official and he will have no comment.

General Expelled

SAIGON, May 25 (Reuters).—French Gen. Paul Vanuxem became the first person to be expelled from South Vietnam by the new government.

He went to Vientiane with the newsmen. The general, who fought for the French against the Viet Minh, had been returning to Saigon each year.

Newsmen who left said it appeared their stories had not been censored by Saigon authorities, with the exception of their reports of a death by self-immolation of a man four days ago.

U.K. Curbs Automatic Right Of Indian Doctors to Practice

By Jules Arbore

LONDON, May 25 (UPI).—Doctors who qualified to practice medicine in India have lost the automatic right they held for 83 years to practice in this country.

The change, introduced last week by the General Medical Council, followed dispute over the standards of some overseas doctors practicing in Britain. It is certain to have an adverse effect on the National Health Service, where 10,000 of the 60,000 doctors employed are Indian.

The new eligibility requirement means that Indian doctors will have to pass the same tests nearly all foreign medical graduates have to take to work here. The requirement does not apply to Indian doctors already practicing in Britain.

To qualify for temporary registration, the doctors will first have to pass a linguistic and competence test. If successful, they will be allowed to work in a hospital or post approved by the General Medical Council, which governs the practice of medicine here.

Such doctors must renew their registrations when they change jobs, and they are forbidden to go into private practice. In common with nearly all overseas doctors in Britain, Indian doctors will be able to achieve full registration by sitting for a British medical degree.

Indian qualifications were first recognized in 1892, when the subcontinent was the biggest possession in the British Empire and had only a handful of medical colleges. Until today, graduates of 55 Indian medical colleges qualified for full registration.

The council said in a statement that the decision had been made "in the light of changing circumstances of medical practice, both in this country and in India, and has been made necessary because of the progressive difficulties facing the council in monitoring the educational standards of the growing number of medical colleges in India."

A Department of Health spokesman said the measure posed no long-term problem but in the short term could mean shortages for the National Health Service in some specialist areas.

A spokesman for the Indian Medical Society in London said the decision "was indeed a shame," casting doubt on the qualifications and standards of Indian doctors.

Half the 3,000 overseas doctors who come to Britain each year are thought to be Indian. While less than 15 per cent of the general practitioners in the country are foreign-born, National Health Service hospitals depend on them for their running.

Of all the employees in Britain's 2,750 hospitals, 35 per cent are foreign-born as are about 60 per cent of the medical staff.

Officials of the new regime remained unavailable for comment on the current scene within the country. It seemed apparent that the free-wheeling days of the Western press in South Vietnam were nearly over.

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But try to check out this activity with an official and he will have no comment.

Several left-wing members of the ruling party have protested to Defense Secretary Roy Mason, and others will question him on the matter in the House of Commons.

A Ministry of Defense spokesman said the aircraft, especially designed for long-range high-level photographic reconnaissance, would only fly over allied countries and would take no photographs.

But MP Frank Ailman said yesterday that the explanation seemed improbable. He said it was more likely the aircraft would operate over Eastern Europe.

cent of senior house officers—second-year interns. Most of them are Indians. This increasing dependence on immigrant doctors has made many Britons uneasy about the future of the health service.

Not the least of the problems is the language barrier. There have been many reports of patients unable to make themselves understood to immigrant doctors.

5 in Scotland Get Prison Terms for Nationalist Plots

GLASGOW, May 25 (AP).—Five men alleged to be members of the Tartan Army, a guerrilla organization pledged to fight for Scotland's independence from England, have been given prison sentences by Glasgow High Court.

The five were convicted Friday night in a three-week trial of conspiring by criminal means to further the aims of the so-called Secret Army of the Provisional Government of Scotland.

Among them was retired Army officer Frederick Boothby, 65, a World War II hero and cousin of Britain's Lord Boothby. He was jailed for three years for his part in a plot to "free" Scotland from the British yoke.

Tony Tunilla, 25, was jailed for 12 years for armed robbery, possession of firearms and conspiracy to rob banks. The others were jailed for up to 10 years for plotting to use violence, rob banks and possessing explosives.

The Scottish Nationalist party, which believes Scotland should control its own destiny, has been embarrassed by the trial and said in a statement issued as soon as the trial ended that the five were "a loose group of disloyal, overzealous, misguided men" not connected with the party.

Press in Spain Hails Yielding Of the Sahara

MADRID, May 25 (UPI).—The Spanish press yesterday applauded the government's decision to pull out of the disputed Spanish Sahara as soon as possible. The newspaper Pueblo said that not "a single drop of Spanish blood" should be risked for the territory.

The monarchist newspaper ABC said that if there are delays in deciding the future of the Sahara "then let the United Nations, Morocco and Algeria work it out. This northern African dispute is not worth a single banner of the [Spanish] Legion."

The newspaper La Esfera said: "We congratulate the Spanish government on this decision that responds, we firmly believe, to what our people are in favor of at this time."

UN resolutions have called on Spain to yield sovereignty over the Sahara, its last major African territory, and grant it self-determination.

At the UN headquarters in New York, a spokesman said yesterday that Spain had asked the world organization for assistance in bringing about an orderly transfer of power. He said that Madrid had proposed that a conference be held under UN auspices if agreement on the future of the Sahara could not be reached among Morocco, Mauritania and Algeria.

Spain claims the land, saying it ruled there before Spain annexed the territory at the beginning of the 20th century.

Laborites Assail 3-Month Visit by U.S. 'Spy' Planes

LONDON, May 25 (Reuters).—Labor party parliamentarians have called for the withdrawal of five U.S. U-2 reconnaissance planes that are on a three-month visit to Britain.

Several left-wing members of the ruling party have protested to Defense Secretary Roy Mason, and others will question him on the matter in the House of Commons.

A Ministry of Defense spokesman said the aircraft, especially designed for long-range high-level photographic reconnaissance, would only fly over allied countries and would take no photographs.

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A New Folk Hero Emerges

U.S. Is Just Wild About Harry Again

By Edward I. Folliard

(Mr. Folliard was The Washington Post's White House correspondent from the Calvin Coolidge administration through the Lyndon Johnson presidency.)

WASHINGTON (WP). — The nostalgia boom has brought to the forefront a delightful folk hero, Harry S. Truman, and his critics must be wondering why. In his turbulent years in the White House, Truman had the greatest ups and downs ever measured by the pollsters. According to George Gallup's figures, the Missouri Democrat scored the highest approval rating of all, higher even than Franklin D. Roosevelt (87 percent to 84 percent) and plunged to the lowest rating, lower even than Richard M. Nixon (23 percent to 25 percent).

This spring Truman is the most talked about of all former U.S. chief executives. President Ford's admiration for him is well known; he quotes him and praises him more than he does any of his predecessors and keeps a bust of him in the Oval Office. Two books about the 33d president, by Margaret Truman Daniel and Merle Miller, have been best sellers. The Truman Library in Independence, Mo., is crowded with writers preparing other works on him. Young Americans, hardly any of whom could have seen him, hail him with a rock song: "America Needs You, Harry Truman-Harry, Could You Please Come Home?" And James Whitmore is packing them in for a show, "Give 'em Hell, Harry." It all seems to add up to a joyous Truman cult.

Why a Hero?

Why? Why this interest in a man who left office with his stock way down, thanks to the Korean War and the Republican cry about "the mess in Washington"? Why is he a hero now when, in his White House years, many Americans said he was not big enough and looked down on him because he had been a haberdasher and lacked a bachelor of arts degree? His post-mortem celebrity seems to be based not on what he accomplished as president, which was a lot, but on the kind of man he was—his style. The nostalgia is for his buoyancy of spirit, his gamecock combativeness and his invincible faith in the United States and its people, "the greatest in the world." What once were regarded as faults—his impetuosity, his shouting from the hip and his writing of angry letters to music critic Paul Hume and others—now are seen as amusing idiosyncrasies.

I was struck by something in covering the 1948 campaign (although at the time I did not have the sense to appreciate its importance): The crowds seemed happy after hearing Truman speak. Maybe that is why he won and why people are now invoking his ghost.

Truman liked plain Anglo-Saxon words, preferably nouns and verbs. I don't recall his ever using words now so much favored by orators: priorities, options, relevance, viable. I am almost certain that he never used counter-productive. Occasionally he would use a word that only old-timers in his audience understood. In a speech in Reno in 1948, he went after the Republican committee chairman in the 80th Congress, calling them "mossbacks." Jack Romagna, the White House shorthand reporter, had never heard the word before, and it came out in his transcript as "moth bags."

Truman's Slogans

Truman is best remembered, of course, for "The buck stops here," "If you can't stand the heat, get out of the kitchen," and "Here lies Jack Williams: he done his damndest—an epitaph Truman hoped would be applied to him some day."

By 1975 standards, Truman was a wholesome type. He was shy around women outside his family circle but always courtly. A regular at his press conferences was May Craig, who represented some newspapers in Maine. He always addressed her as "Miss May." He liked earthy stories but never told stories involving sex. Nor did he care to hear any. He was a good cussier and White House newsmen heard him apply "son-of-a-bitch" to a number of men who betrayed him or angered him. But usually he added that he meant no reflection on the SOB's mother.

From a distance—that is, for those who followed Truman by reading the newspapers—it must have seemed that he was in an unending rage as he traveled away at the "gluttons of Wall Street" and other targets. On the scene, close up, it was not that way at all. He used that "gluttons of Wall Street" line at a huge gathering of farmers in Iowa. It brought a good deal of laughter. Many of the farmers had arrived in Cadillacs or privately owned planes and no doubt had fat portfolios of stocks and bonds that came from Wall Street. They enjoyed Truman's fiery oratory, however.

Truman was determined to be himself and he was. Nobody who knew anything about him ever said there were two Trumans, the private man and the official man. Long before he came to Washington, he had developed a liking for bourbon and poker. Arriving at the top, he continued to drink and play poker, and he didn't care who knew it. On a visit to Caruthersville, Mo., in October 1945, he went to the fair grounds to watch horse racing on Sunday, too. He had done the same thing in the past and he didn't see why he shouldn't go on doing it as president.

Willing to Talk

On his travels, Truman was always willing to talk to reporters. The Secret Service men came to understand this and so did not try to head them off when they gathered around him at a railroad station or an airport. This may have hurt the president on occasions when he shot from the hip, but on the whole it probably helped him.

This is the way "give 'em hell" got into the American political vocabulary. Truman was about to start out on his second cross-country tour in September, 1948, traveling by train as usual. As he came up to his private car, the reporters were waiting. While they were talking to him, Sen. Albert Barkley of Kentucky, his running mate, arrived to call the president off and wish him well. "Go out there and mow 'em down," Barkley said. "I'll mow 'em down, Albert," Truman said, "and I'll give 'em hell." We put that in our stories, naturally, and by the time the president got to the West Coast bull-headed men in the crowds were yelling, "Give 'em hell, Harry."

Truman was no Winston Churchill as an orator; some of his appearances before Congress to report on the state of the union or deliver other messages were almost pathetic.

But he was great as a barnstormer, sure, the best of his time. No matter that the pollsters and the pundits said that he was doomed to be an also-ran in 1948, he was full of bounce as he roamed the country after votes. He was particularly effective at what Sen. Robert Taft (R-Ohio) contemptuously called the "whistle stops." As Truman's train pulled into one, a high school band would let go with "Missouri Waltz" and then "I'm Just Wild About Harry." From the rear platform the president would introduce Mrs. Truman as "the boss." And if Margaret was alone he would introduce her as "the boss' boss."

Domestic Clash

In nearly all of his speeches, Truman went after the "do-nothing, good-for-nothing 80th Congress," which was controlled by the Republicans. Actually that Congress gave him just about all he asked for in the field of foreign policy, approving his Truman doctrine, the Marshall Plan and the Vandenberg resolution that paved the way for NATO. He was scolding it for not approving his domestic program and that was his big issue of the campaign.

He was at his best in talking to farmers, which was not surprising; he had been a farmer himself. He talked their language, saying that the Republicans were sticking a pitchfork in the American farmer. And he would say, "Any farmer who votes Republican ought to have his head examined." At a stop in the Southwest, he saw a cowboy riding a horse. Walking over, he said to the horse's mouth to examine its teeth and remarked, "Eight years old."

After it was all over, some analysts said the farmers were responsible for Truman's great upset victory. Some said he was the beneficiary of remaining at the Roosevelt New Deal. There were certainly other factors: Truman's gallant battle as the underdog, his refusal to be intimidated by the pollsters and the pundits and his faith in himself and the voters.

At Key West, where he went to rest after the election, Truman talked to reporters and mentioned another possible factor. "In politics," he said, "you not only have to be good, you have to be lucky."

'Greatest Tyrant'

Among Truman's critics in 1975 are writers and others who blame him for the cold war, saying he destroyed whatever chance there was of amicable relations between the United States and the Soviet Union. Truman himself used to say that he fervently desired friendship between the two great powers. But he noted the spread of the Russian brand of Communism in the postwar period, kept track of all the broken promises, and concluded that the Soviet Union's word was no good. He once said, at Eugene, Ore.,



Harry S. Truman, while still giving 'em hell.

that "I like old Joe." But he also called Stalin "the greatest tyrant since Genghis Khan and Tamerlane."

Truman did not seem much concerned about his place in history, his niche. He talked about it occasionally, saying that he hoped he would at least be thought of as a good president. But the historians, he would say, could not possibly size up a president and give him a ranking until 50 years after his death. A distinguished historian, Sir Winston Churchill, jumped the gun on him, saying in the April

29, 1958, issue of Look that Truman was "worthy, in my estimation, to be numbered among the greatest of American presidents." What made him worthy among other things, Churchill wrote, was his "celerity, wisdom and courage" in moving American forces into South Korea and saving it from a Communist takeover. Ironically, it was weariness with the Korean War that was largely responsible for Truman's rating in the Gallup Poll dropping to an all-time low in November, 1951.

New York—An Object Lesson?

Congressmen Balk at Giving Aid to 'Sin City'

By Martin Tolchin

WASHINGTON (NYT). — "Cities are viewed as the seed of corruption and duplicity, and New York is the biggest city," said Sen. Joseph Biden, explaining how his congressional colleagues feel. The Delaware Democrat said he did not share that view but, "There is a general negative feeling toward New York City, a feeling that who can do anything?" and "what difference will it make?"

Rep. Richardson Preyer, D-N.C., noted that, as far as many of his colleagues were concerned, "New York City has a certain overtone of sinfulness about it," and Rep. Robert Kastenmeier, D-Wis., said that many on Capitol Hill regarded New York as "sin city."

Rep. Barber Conable R-N.Y., chairman of the Republican Policy Committee, said that "One of the worst things you can do is to go down in the well of the House and start shouting, 'You can't do this to New York City.'"

"Then it becomes the thing to do."

Thus does Congress approach New York City's appeals for fiscal aid. The clear consensus is that, if New York is not the root of all evil, it is at least the handmaiden of sin, obviously undeserving of aid, which it would only misuse.

Egypt Seeks Fish To Clean the Nile

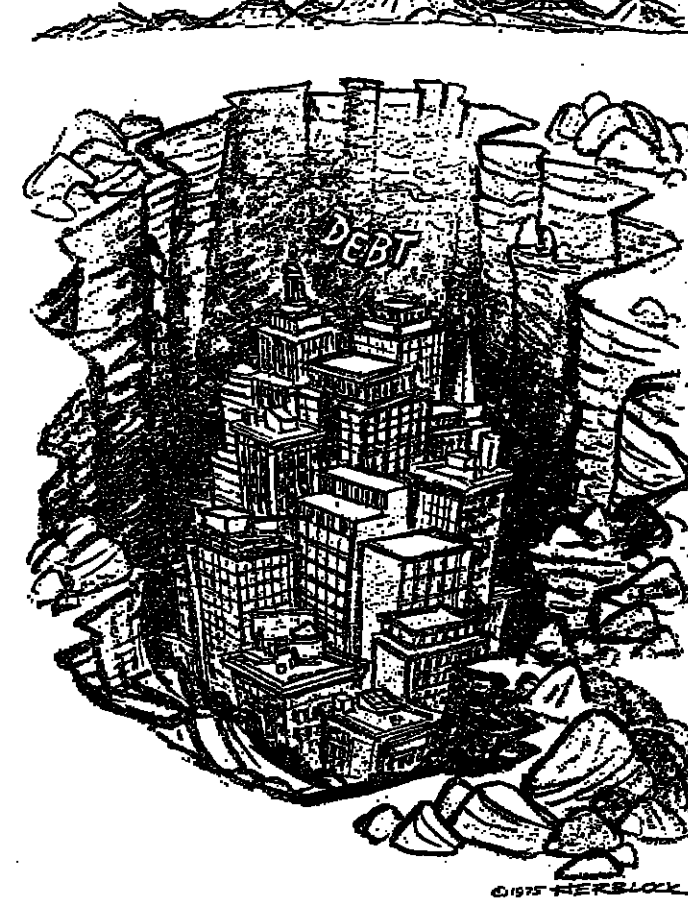
CAIRO, May 26 (AP). — Egypt will import 20,000 weed-devouring fish from China to clear the Nile of pollutants created by the Aswan High Dam.

Completion of the dam means that the Nile can no longer "flush clean" with floods every year. Huge weed growths have clogged intake valves. The clogging caused drinking water in Cairo to be fouled, causing a small political crisis last fall.

The fish agreement will be signed this week as part of a \$40-million trade accord with China, the newspaper Al Akhbar reported.

Kennedy Arrives in Iraq

BAGHDAD, May 26 (Reuters). — Sen. Edward Kennedy, D-Mass., arrived here yesterday from Saudi Arabia for a visit to Iraq, part of a Middle East tour. He was greeted at the airport by Minister of State Risham al-Shawi.



Big City Skyline

and were generally pessimistic about federal aid to the city.

"There isn't much chance," said Rep. Thomas O'Neill, Jr. D-Mass., the House majority leader. "I can't see anything legislative-wise."

"There is no realistic hope," said Rep. John Rhodes, R-Ariz., the House minority leader. "The majority in Congress has shown no intention of making such a move."

Sen. Mike Mansfield, D-Mont., the Senate majority leader, said that "it would be a difficult proposition because many people think it would set a precedent," while Sen. Hugh Scott, R-Pa., the Senate minority leader, agreed that "I don't think we can bail out New York City."

Their views were confirmed in dozens of interviews outside both chambers, in which legislators were openly critical not only of New York's municipal management, which nearly all regarded as profligate, but of the city itself.

More Aggressive

The legislators, many of whom said they had visited and enjoyed New York City, nevertheless characterized the city as beset by crime, pollution, high prices, rudeness and insularity.

"The country resents New York," said Rep. Edward Koch, a Democrat from Manhattan. "That's not from this year, but the last 200 years, since 1776. New York has an intensity, a

By Frank J. Prial

SAINT-EMILION, France (NYT). — The wine at the 25th anniversary dinner of the class of 1950 at Princeton University next month will be Chateau Belair Montgaillon, which is produced at a small vineyard about three miles from this world-famous wine center.

It is not so much that the class of 1950 is made up of connoisseurs; it is just that the owner of the chateau, and the wine-maker, is one of them. He is David Park, a former Philadelphia supermarket executive who decided eight years ago he had had enough of the Main Line and chose to end his life making wine in the Dordogne Valley of France.

There are a number of wine properties in France owned by Americans. They are almost all investors—bankers, businessmen and doctors—who hire managers and appear once or twice a year for the parties.

Mr. Park is not an absentee owner. He is a working chateau owner who plants and prunes vines, picks grapes and makes his wine. His 1973 vintage, which will be featured by his Princeton classmates, last year won a gold medal in a Paris wine competition. All of which is rather unusual for a man who never tasted wine until he came to France on a visit nine years ago.

Pumping Wine

One day recently, Mr. Park was pumping wine from one set of wooden barrels to another in the chateau cellar, a tedious job that must be done every few months to separate young wine from its sediment.

Upstairs, in the bright, American-style kitchen, his wife, Edith, was cooking chicken in a pungent garlic sauce and chasing the two Park dogs under her foot.

Mr. Park, 46, was born in Philadelphia. He attended the Haver-



David M. Park with some of the barrels in his cellar.

ford School before Princeton, and went to the University of Michigan afterward to get a master's degree in supermarket management. This was appropriate because his father was president of Acme Stores, a supermarket chain.

Until eight years ago, Mr. Park

commuted from the suburbs into Philadelphia every day. He worked at the family business, played some tennis, went to parties. He had never been to Europe, and he never drank wine. Then, in 1966, he made his first trip to France and fell in love with the country.

In 1967, following the death of his first wife, he married Edith. She too had grown up in Philadelphia's Main Line. She was divorced and she had two children, a boy and a girl. Mr. Park's two children, also a boy and a girl, were the same ages.

A Decision

The Parks decided that their new life would really be different.

They moved to Paris where David took a job with the Common Market, but it was not what they wanted. They wanted to live and work in the country.

They looked at some farms and were unimpressed, and then they thought of a vineyard.

"Ah, but one does not sell vineyards, particularly to Americans," they were told by the French. Who might have added: "Particularly to Americans who do not drink much wine, who have never worked on a farm and who would not know a cabernet grape from a blueberry."

The Parks returned to Philadelphia, but they did not forget their dream. One day, Mr. Park got a call from a banker friend. "He said he'd heard of a chateau for sale in Saint-Emilion," he recalled.

No Beginners

Back to France they came, to Paris, to Bordeaux and, 30 miles east to Saint-Emilion. The chateau for sale was Canon-la-Gaiffe, a famous Saint-Emilion property with 46 acres in vines. No property for a beginner.

A few days later, back in Paris, the Parks were having dinner at Tallevaut where their own Jean-Claude Vinat, asked for "Why don't you get in touch with Daniel Querre?"

Mr. Querre is one of Mr. Vinat's suppliers and a prominent figure in Saint-Emilion.

The Parks found Mr. Querre in a Bordeaux hospital. While visiting him there, they met his

son, Alain, as enthusiastic a Saint-Emilion booster as his father. He promised to help.

Late in 1970, Alain Querre summoned Mr. Park from Philadelphia. He had found a little property called Chateau Fontaine Montgaillon in the commune of Saint-Georges-Saint-Emilion, just across the valley from Saint-Emilion and about five miles from his own well-known Chateau Monbousquet.

The "chateau" for sale was actually a shed with some wine tanks, but there was a fountain, a beautiful garden, some fruit trees and, of course, the vines—about 10 acres of them.

In February, 1971, Mr. Park brought his wife over from the United States to see the place. "Do you like it?" he asked. Before she had a chance to reply, he added: "You'd better. I just bought it."

"It's lovely," she said. Of course there was no house. They thought first of building on the property. Then, during the summer of 1971, Alain Querre told them that the chateau of the adjoining property, Belair Montgaillon, was for sale. Mr. Park came over for the 1971 harvest (11 barrels at Fontaine Montgaillon) and bought the adjoining property and its 11 acres of vines.

Belair Montgaillon is a classic 18th-century French country house. It is built from huge limestone blocks carved out of the subsoil on the property.

For 18 Months

For 18 months, while working in modernized the 450-year-old house the Parks lived in a small apartment in Libourne, the commercial center of the Saint-Emilion area, about 10 minutes' drive away. Mrs. Park's son, Peter, then 14, enrolled in the local lycée, learned French and quickly became a favorite with the local girls.

"He got too popular," his mother said with a grin. "I sent him back to the States to be a good student." Mrs. Park's daughter, 22, was in Philadelphia; Mr. Park's son now 19, is a student at Syracuse University. His daughter, also 2, studies art near London.

"We try to get everyone together here at Christmas," Mr. Park said, "and during the harvest when we need all the help we can get."

Mrs. Park has become proficient in French; her husband is still working at it. But they have made many friends among the owners.

Introductions

"It is truly amazing," said Alain Querre. "My family has been in the Dordogne for four generations and the Parks are already introducing people to us."

Mrs. Park said, "They couldn't figure out what we were doing at first. It took a year before one of our friends admitted that they first thought we were spies. Imagine working for the CIA in Saint-Emilion."

There are 19 acres of vine now. In three years that will be up to about 25. In 1972, the Park made 22 tonnesaux of wine, about 2,200 cases.

In 1973, they made 5,000 cases. Last year, they produced 4,800 cases and this year, because of an Easter frost that killed many buds, they hope to do about 4,500. "This is our life," Mr. Park said. "We have to make a profit."

In their case, because they have money to put into the project, profit actually means cash flow. They do not really expect to pay off their original investment, estimated total of \$250,000. Any misgivings? "None at all," Mrs. Park said as her husband nodded vigorous agreement. "You do a lot of crying over it crop, the weather, the mud," she added. "But it makes you realize how trivial a lot of the things you used to cry about really were."

Peace Hopes Renewed

Israeli Fears of a 'Hot Summer' Are Easing

By Yuval Elizur

JERUSALEM (WP). — Recent international developments have eased Israeli predictions of a "hot summer" to give way to optimistic statements by national leaders and newspaper-editorial writers.

Among developments considered favorable here are the Israeli-supporting letter sent to President Ford by 76 U.S. senators, reportedly "reasonable" attitude of Soviet Foreign Minister Andrei Gromyko at his Vienna meeting last week with Secretary of State Henry Kissinger, and Syria's extension for six months of the UN's cease-keeping role in the Golan Heights.

The Israelis also cite the French government's invitation to Israel's Defense Minister Shimon Peres to attend this year's Paris air show, the forthcoming visit of Foreign Minister Yigal Allon to Romania and that of Premier Yitzhak Rabin to Austria.

The signing May 11 of an agreement easing trade with the European Economic Community and the recent economic agreements with the United States are also seen as reversals for Arab political and economic boycott attempts.

Predicting a new U.S. peace-making effort in the Middle East, Hagai Eshash, a columnist for Davar, the newspaper of Israel's ruling Labor party, wrote: "American and Soviet pressures on Israel which followed the failure of the Kissinger mission two months ago have ended without any results." He said that the United States may now have a better understanding of Israeli anxieties and hopes.

Other Israeli commentators have predicted that President Ford's forthcoming Sharm el-Sheikh talks with Egyptian President Anwar Sadat and Washington conference with Mr. Rabin will produce a new effort for an agreement under which Egypt might agree to re-

frain from the use of force perhaps three to four years as Israel might agree to a more tentative withdrawal in the Sin Desert.

Israeli officials Saturday vehemently rejected Washington reports, quoting Pentagon sources that Israel is preparing a preemptive military strike against the Arabs very soon. "Israel always believed in the political option," the officials said. "It is definitely no reason for us to change our minds now."

Arms Deal Eyed

TEL AVIV, May 26 (Reuters). — Israel's ambassador to Franco Aher Ben-Nathan, said Prit that the two countries might be able to conclude an arms deal. "The time has come for us to examine what weapons can be purchased from France and what home-produced arms can be produced to the French market," he said.

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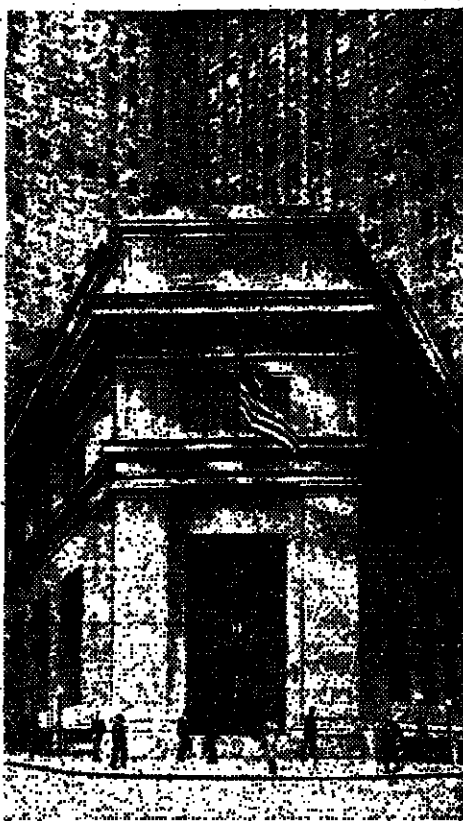
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Euromarket

(Continued from Page 7)

portion of the issue is being offered in Europe.

The Arab banks apparently won the business and the Japanese Ministry of Finance's approval to jump ahead of the long line of borrowers waiting to come to the international capital market on the promise that the issue would be sold in the Mideast. But according to an estimate, about 75 per cent of the issue was placed outside the Middle East.

The recent issue for Honda was also supposed to have been marketed on the same basis in the Middle East, but many of those bonds found their way into the normal Euromarket channels. Bankers take these developments to mean that Arab resources available for investment in the Euromarket are drying up.

The bankers believe this is a temporary pause, tied to the reduced income of the oil exporters due to the worldwide recession. From having been very large buyers a few months ago—accounting for at least a third of new-issue activity—the Arabs are now virtually out of the market.

What little fixed-interest business currently being done in the Middle East is apparently confined to loans denominated in local currencies. Spain's Antipinas del Mar Western Bank floated a five-year loan of 100 million Saudi rials (about \$28 million) at 8 1/4 per cent. International Standard Electric, a unit of IT & T, has arranged a 3 1/2-year loan of 25 million rials.

Although the Bundesbank reduced its key interest rates a half point last week, prices of Deutsche-mark-denominated Eu-

robonds remained little changed. Dealers, who had been anticipating a sharp rise, had no immediate explanation.

New business, nevertheless, continues to be brisk. The 50-million-DM issue for Mo-och Domsjoe of Sweden was priced at 99 1/4. The eight-year loan carries a coupon of 9 per cent.

Still on offer and reportedly much in demand is the 60-million-DM, five-year loan for Norges Kommunalbank, expected with a coupon of 8 per cent. The Swedish Investment Bank is seeking 100 million DM for eight years with a coupon of 8 1/2 per cent.

West, the Austrian steel firm, is expected to come to market this week with a 100-million-DM loan, followed by Nippon Telephone.

In the private placement market, the Shipping Co. of New Zealand sold 50 million DM of seven-year notes at 99 1/2 with a coupon of 8 1/2 per cent. The City of Kobe marketed 50 million DM of five-year notes at par with a coupon of 8 1/4 per cent.

In the French-franc sector, the European Coal and Steel Community is offering 125 million francs of seven-year notes with a coupon of 10 per cent. Demand for the issue is reportedly quite strong, benefiting from the strength of the franc on the foreign-exchange markets.

Copenhagen Telephone raised the size of its loan to 20 million units of account from the 15 million initially anticipated. The 10-year issue was priced at 99 1/2. The coupon was set at 9 1/2 per cent, a quarter point below initial expectations, due to the strong demand for the issue.

Bankers report that the volume of loans being syndicated in the Euromarket is picking up as confidence returns to the international banking community. Among the loans currently being negotiated are:

- A \$300-million loan for Indonesia. This was so oversubscribed that the amount may be increased to \$425 million. The five-year loan is pegged at 1 7/8 over the London interbank offered rate (LIBOR) for six-month Eurodollars.

- \$150 million for Peru's Banco de la Nación, pegged at 1 7/8 over LIBOR.

- \$100 million for the Bank of Greece. The seven-year loan, which reportedly is meeting with some resistance, is to be set at 1 3/4 over LIBOR.

- \$100 million for Sonatrach, the Algerian oil agency, at 1 3/8 over LIBOR. The seven-year loan is being managed by a group of Arab banks, which probably explains the relatively low spread on the loan.

Among the smaller loans on offer, Sao Paulo is seeking \$50 million for five years at 1 3/4 over LIBOR and Panama is offering the same terms for \$45 million.

Interest rates (long term)

May 21: 9.03 % May 14: 9.09 %

Industrials (long term)

May 21: 9.11 % May 14: 9.10 %

(medium term)

May 21: 8.05 % May 14: 8.06 %

Market Turnover

May 23 May 16

Cedel \$377.2 mil. \$380.9 mil.

Euroclear \$222.9 mil. \$473.4 mil.

Economic Scene

(Continued from Page 7.)

some upturn in the real gross national product and then a more pronounced gain (about 6 per cent) in the final three months of this year. The real turn will come when real personal income increases," he said.

Even with that development, there will be serious unemployment problems, particularly among youths, for some time. There is a growing consensus among leaders of society that some new governmental programs will have to be developed to create greater work opportunities soon for the large number of unemployed youths in the labor force.

Unemployment is the price the nation is paying for permitting inflation to get out of control since the mid-1960s and especially in the last few years. The inflation rate has come down dramatically—and surprisingly fast—this year to the area of 7 or 8 per cent from its historic level of almost 13 per cent late last year. Interest rates have behaved similarly.

How long will inflation remain so well subdued? The consumer price index jumped sharply again last month because of volatile food prices. And, recently, there has been talk of higher prices ahead for fuel, steel, autos and other materials, as well as higher interest rates.



Kevin Keegan of England swings from crossbar after his teammate David Johnson scored in game against Scotland.

Bayi Seeks 800-Meter Mark

DAR-ES-SALAAM, May 25 (UPI)—Filbert Bayi, holder of the world mile and 1,500-meter records, said yesterday he intends to try for the 800-meter mark.

The Tanzanian said he intended to run in both the 1,500 meters and 800 meters at the Montreal Olympics.

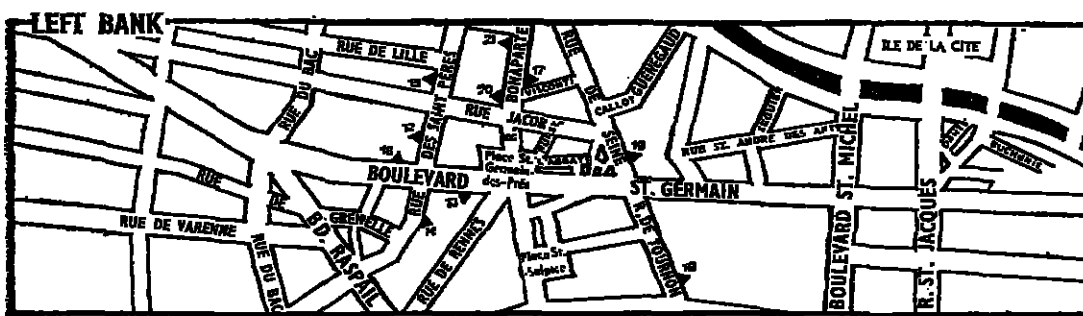
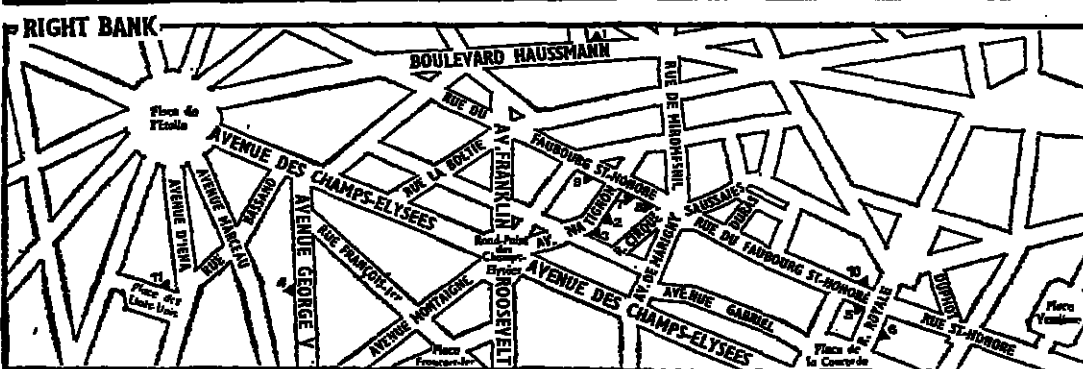
"The mile and 1,500 meters are both good training for the 800," said Bayi, who added he would run the 800 during his coming races in France, Britain and Scandinavia. "My intention first and foremost is to win, but if I break the world record in the process, so much the better."

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Sports

England Tops Scotland, 5-1, for British Crown

LONDON, May 25 (UPI)—England scouted Scotland, 5-1, before 100,000 persons at Wembley Stadium yesterday to win the British International Soccer Championship.

Scotland was favored with a one-point lead to the competition, which also included Northern Ireland and Wales. But England duplicated its five-goal victory against Cyprus last month.

Midfielder Gerry Francis was the inspiration behind England's victory, scoring two goals, making two more and helping on defense.

Francis opened the scoring after only five minutes with a 25-yard drive that left Scottish goalkeeper Stewart Kennedy stranded.

Two minutes later, England struck again. A movement out of defense between Francis and team captain Alan Ball ended with Ball sending Kevin Keegan away down the right wing. His center was headed in by defender Kevin Beatty.

Scotland rallied briefly but suffered another setback five minutes before halftime, when Francis and Keegan set up a chance that Colin Bell drove in from 20 yards.

Scotland reduced the arrears with a penalty goal by Bruce Riech two minutes later, making the halftime score 3-1.

The second half failed to live up to first-half standards as the Scots were gradually ground down.

In the 65th minute, England made it 4-1 with a free kick that ended with Francis curling the

ball around the Scottish defensive wall and into the net off a post.

Eight minutes later, England completed the annihilation with David Johnson tapping the ball in after efforts from Keegan and David Watson hit the woodwork.

Police arrested 25 Scottish fans following the game and charged them with a variety of offenses including theft, criminal damage, drunkenness and threatening behavior.

But police said disturbances in the city caused by the Scots

were fewer than anticipated. Previous England-Scotland matches in London have led to widespread rowdiness and street incidents. Two years ago, a subway worker was pushed between two train cars by drunken fans and suffered permanent injuries.

Flyers Take 3-2 Series Lead in NHL Playoff

PHILADELPHIA, May 25 (UPI)—Bearded Dave Schultz, an unlikely hero, scored his first two goals of the playoffs today to lift Philadelphia to a 5-1 victory over the Buffalo Sabres and propel the Flyers to within a game of their second consecutive Stanley Cup.

Philadelphia, now with a 3-2 advantage in games, can become the first team in six years to make a successful defense of the cup by posting another victory at Buffalo Tuesday night.

If a seventh game is necessary, it will be played Thursday night here in the Spectrum where the Sabres have failed to win in five years.

Buffalo netminder Gerry Desjardins, who allowed three goals on six shots in the third game of the finals, this time yielded the three goals on Philadelphia's first seven shots and five goals on 13 shots.

Earlier in the series, Schultz admitted that his play had gone downhill all season and he was tired of being known as only a

fighter. But he has drawn only one major in five games of the finals and his output today marked his first goals since March 29 and the first time all season he has scored two goals in a game.

Philadelphia stretched its lead to 5-0 in the second period as Reg Leach converted on a power play and Schultz followed with his second goal at 9:56.

After that, the only question remaining was whether goalie Bernie Parent could notch his fourth shutout of the playoffs.

But Don Luce ruined that by scoring Buffalo's only goal with 6:58 left in the game. Parent was credited with 23 saves for the game.

Philadelphia used as its good-luck charm a recording of Kate Smith's "God Bless America," and for the 44th time in 48 games it paid off in a Flyer victory.

Buffalo captain Jim Schoenfeld suffered a groin injury stopping a shot by Larry Good-enough in the opening period and did not return to the game.

Orantes Is Tennis Titlist

HAMBURG, May 25 (AP)—Spaniard Manuel Orantes won the men's singles title today at Hamburg's International German Tennis Championships for the second time when he beat Czechoslovakian Jan Kodess, 3-6, 6-2, 6-2, 4-6, 6-1.

The 7,000 center-court spectators saw world class tennis as Kodess took the early initiative, playing close to the net to harass Orantes and take the first set.

But the Spaniard's precise play trumped Kodess's aggressive style,

despite a slip which cost Orantes the fourth set.

Francis Types Yugoslavians qualified yesterday for the semifinals of the European Zone B Davis Cup tennis matches by beating Yugoslavia, 3-1, in the men's doubles.

Patrice Dominguez and Francois Jaurret of France confronted Yugoslavians Zeljko Franulovic and Nik Pile with a strong display of teamwork to defeat them in four sets, 9-7, 3-6, 6-2 and 6-3.

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The decline of the dollar and the pound, this year's leveling off of oil prices, the

abandonment of the "official" price of gold last December, and the continued debate over British membership in the Common Market are among recent developments that were forecast in advance by Hudson Europe, frequently at a time when public opinion was overwhelmingly to the contrary.

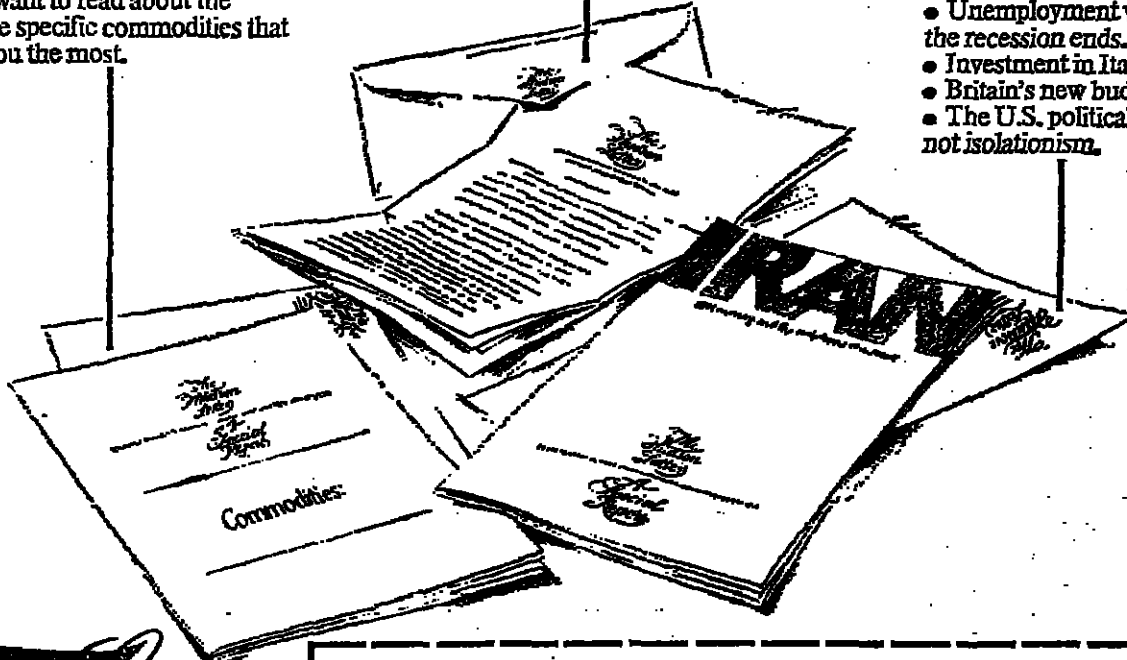
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Analyses and Projections like these, which appeared in the first four issues of **The Hudson Letter**:

- Protectionism is the new trend in world trade.
- The American economic outlook is even worse than President Ford's budget predicts.
- Social instability, not oil money, is the most powerful factor in today's Middle East.
- Unemployment will stay high even after the recession ends.
- Investment in Italy makes sense today.
- Britain's new budget won't succeed.
- The U.S. political trend is nationalism, not isolationism.



The Hudson Letter

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Unser Wins Again In Indianapolis 500

INDIANAPOLIS, May 25 (UPI)—A sudden storm that began with 25 laps remaining prematurely ended the race and gave Bobby Unser his second Indianapolis 500 victory today.

Unser, 38, who won here in 1968, was given the checkered flag in the 17th lap as a heavy rain hit the Indianapolis track. The race was ended only 11 laps after Unser had taken the lead from runner-up Johnny Rutherford.

Rutherford, who won at Indy in 1974, had taken the lead only three laps earlier when Wally Dallenbach, who led most of this race, went out with engine trouble.

The race was run in hot and very humid weather until the rain hit on the 17th lap. Two laps later, the officials gave the checkered flag to end the proceedings.

Unser crossed the finish line doing less than 40 miles an hour, and some cars did not finish at all, spinning around and sliding sideways on the slick surface.

Driving an Eagle-Offenhauser built for him by Dan Gurney, Unser joins his younger brother, Al, as a two-time winner of this event.

A.J. Foyt, who was seeking a record fourth victory at Indianapolis, led for 51 laps early in the race and never fell lower than fourth. He finished third, but was bitterly disappointed.

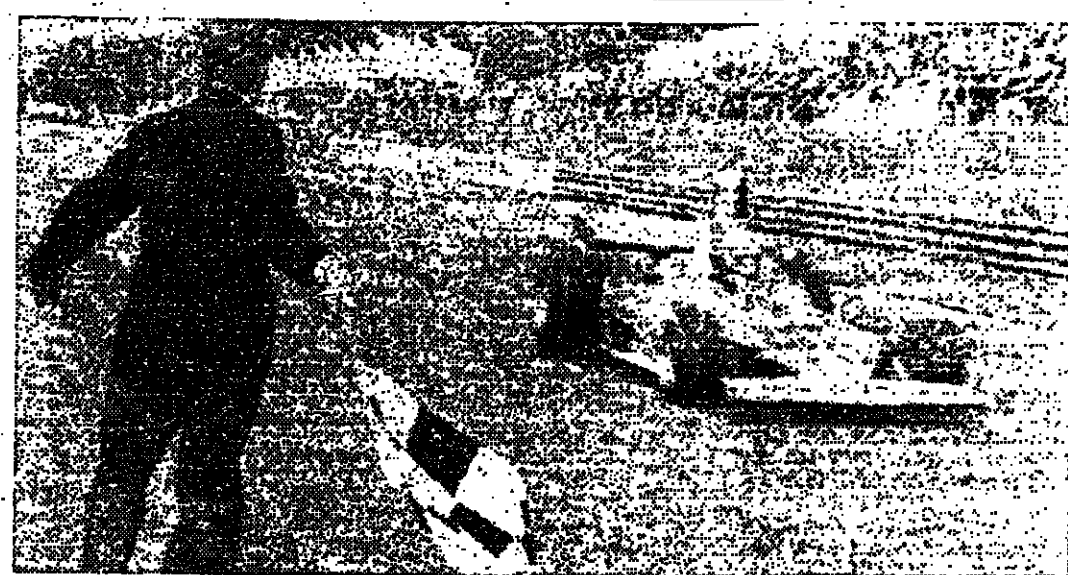
This was the fourth Indy 500 shortened by rain. The most recent was in 1973, when Gordon

Lauda's Ferrari Is 1st in Belgian Race

By Bernard Kirsch

ZOLDER, Belgium, May 25 (UPI)—The strikes and demonstrations that have slowed the Italian economy have had no effect on the country's fastest car, the Ferrari.

Nikki Lauda today drove Italy's symbol of speed to victory in a grand prix race for the second straight time. The Austrian had an easy drive on the Zolder circuit, winning by 20 seconds, in the Belgian Grand Prix.



Nikki Lauda of Austria crosses finish line in his Ferrari in yesterday's Belgian race.

The fast drive also led him to first place in the drivers' standings. Finishing second was South African Jody Scheckter, in a Tyrrell-Ford, with Argentine Carlos Reutemann, in a Brabham, third; Patrick Depailler of France, in another Tyrrell, fourth; the Ferrari of Clay Regazzoni of Switzerland, fifth, and gaining the final point of the day and his first of the season was Watson Tom Pryce in a Shadow, sixth.

Pryce caught the slowing McLaren of defending champion Emerson Fittipaldi of Brazil a lap from the finish and put the Brazilian in second place in the overall standings with 21 points. Lauda, with two victories, two fifths and a sixth in the six

grand prix races this season, leads with 23 points.

Lauda, 26, is considered the circuit's most intelligent driver, and said one of his "mistakes" was that he is one of the few consistent winners in grand prix racing, the success has not made him hesitate from taking the necessary chances. Some drivers have admitted success has often made them think twice.

Lauda now has won four times in 49 grand prix races, with all the victories coming since he joined Ferrari last year. Enzo Ferrari, the father of the Italian company which is helped in its racing ventures by the Italian government, likes winning, and enjoys receiving post-race phone

calls from his manager telling him what happened. Ferrari does not attend the races, but he makes sure that his pair of Ferraris, the only Italian-built cars on the circuit, are well attended to. He also makes sure that the political uncertainties of Italy do not hit his factory in Modena.

Before today's race started, 12 mechanics gathered around the red machines on the starting grid and gave them a thorough once over. After the race, Lauda rounded up the mechanics and the team went on a victory lap in a truck and shared the champagne.

Lauda, starting from the pole position today, is the only driver to have sipped champagne twice this season. He needed one hour, 43 minutes, 53.98 seconds—an average speed of 106.81 mph, to reach the champagne on this straight course in Belgium, where until a few years ago driving licenses were not necessary for drivers.

Scheckter's second place put him fifth in the standings, with 15 points. He trails Reutemann and the Brazilian Carlos Pace by one point.

Only 12 of the 14 cars in the field finished today's race. American Mark Donohue was 11th, three laps behind the winner. Donohue did not have to make any pit stops, drove a consistent race, but was able to pass no one.

French Suspend Players

PARIS, May 25 (UPI)—The French Soccer Federation's disciplinary commission has suspended Brazilian players Jairzinho and Paulo Cesar of Olympique de Marseille for one year and three months, respectively, because of violent behavior in a recent match.

Saturday: Twins Rookie 3-Hits Brewers; 3-2

Sunday: Nettles Stars as Yankees Edge Royals

NEW YORK, May 25 (UPI)—Craig Nettles drove in two runs with a double and sacrifice fly and scored what proved to be the winning tally on a wild pitch today when the New York Yankees rallied for a 5-4 victory over Texas and a sweep of their three-game series with the Rangers.

The Yankees trailed, 4-2, going into the sixth inning when Roy White and Thurman Munson singled off losing pitcher Jim Bibby. After Chris Chambliss filled out, Nettles doubled to right, scoring White and sending Munson to third. Designated hitter Ed Herman followed with a sacrifice fly, driving in Munson and moving Nettles to third. Bibby then uncorked a wild pitch while facing Jim Mason, allowing Nettles to score the go-ahead run.

Pat Dobson went the first eight innings before he was relieved by Sparky Lyle, after allowing a single to Roy Howell to lead off the Texas ninth. The victory raised Dobson's record to 4-5; the loss was Bibby's fourth against two victories.

Angels 6, Red Sox 1
At Boston, Ed Figueroa, using a tall fastball, befuddled Boston batters on three hits and the Red Sox made four errors to give California a 6-1 victory.

Figueroa struck out seven batters, six on called strike strikes, to move his record to 3-0. Reggie Cleveland contributed to Boston's shoddy play with a wild pitch.

California, which leads the major leagues with 81 stolen bases, swept the Indians including three by Mickey Rivers.

Tigers 4, White Sox 1
At Chicago, southpaw Mickey Lolich scattered seven hits in pitching Detroit to a 4-1 decision over the White Sox in the first half of a scheduled double-header that was called in the eighth inning because of rain after a 57-minute delay.

The victory, Lolich's fifth against three losses, snapped a three-game losing streak. The second game is tentatively set to be played as part of a twilight doubleheader on July 17.

Detroit scored a run in the first inning off loser Claude Osteen, now 1-5, on a walk to Ron Lefferson and singles by Dan Meyer and Vito Marcato.

They added two more runs in the second. After loading the bases on a hit batsman and singles by Nate Colbert and Aurelio Rodriguez, Tom Verzer and Leflore delivered sacrifice flies.

Indians 6, A's 0
At Cleveland, rookie Phil Garner hit his first major league home run and sent Texas hit his seventh home run of the season to give Oakland a 6-3 victory and a doubleheader split with the Indians.

Rookie Dennis Eckersley, making his first major-league start, allowed only three hits, struck out six and walked two in pitching the Indians to a 6-0 victory in the opener.

Dick Bosman, who was traded to the A's last Tuesday by the Indians, won his first game against two losses in the nightcap, but needed relief in the seventh from Jim Todd after pinch-hitter John Lowenstein sliced a three-run, two-out homer into the leftfield stands.

Run-scoring singles by Reggie Jackson and Billy Williams stacked Bosman to a 2-0 lead in the third and Garner hit one over the leftfield fence in the fourth off rookie right-hander Jim Kern.

Royals 5, Orioles 1
At Kansas City, Hal McRae drove in six runs with singles in the first and third innings and a three-run homer in the eighth, sparking the Royals to a 9-1 victory over sagging Baltimore.

Steve Busby, 7-3, scattered five hits, giving the Royals a series

sweep and extending their winning streak to four games. The loss was the Orioles' eighth in their last nine games and ended a personal four-game winning streak for Jim Palmer, 7-3.

McRae broke a 1-1 tie in the third with a two-out, two-run single. With two out, Fred Palek singled, stole second and went to third on Dave Duncan's throwing error. Amos Otis walked and stole second before McRae hit his single to left. McRae capped a four-run eighth with a three-run homer over the centerfield wall.

Twins 7, Brewers 2
At Milwaukee, Dave Golis spaced nine hits and Tony Oliva hit a two-run double to spark Minnesota to a 7-2 victory over the Brewers.

It was Minnesota's fourth victory in a row and the fifth straight defeat for the Brewers. Golis walked only two and struck out three to register his third victory against four defeats. Bill Champion gave up the first four Twins' runs and took the loss.

Braves 6, Mets 3
At Atlanta, first baseman Earl Williams broke out of a slump with a three-run homer and two singles to pace the Braves to a 6-3 victory over New York.

The Braves scored against starter Jerry Koosman in each of the four innings he worked, with Williams' fourth homer of the year in the third the big blow in the game.

The Braves scored in the first when Ralph Garr led off with a double and was doubled home by Duke Sims. They scored again in the second when Clarence Gaston led with a single and made it to third when Rusty Staub bobbled the ball in rightfield, and scored on Larrelle Blanks' sacrifice fly.

Reds 4, Phillies 3
At Cincinnati, Cesar Geronimo

collected three hits, one a three-run double, and George Foster added his seventh homer to lead the Reds to a 4-3 victory over Philadelphia, which suffered its sixth straight defeat.

Clay Kirby was credited with his third victory against three losses, but needed help from the Reds' bullpen in the eighth inning when the Phillies scored twice to pull within a run.

A walk to Joe Morgan, a hit batsman and Mike Schmidt's error on Dave Concepcion's grounder set the stage for Geronimo's double in the third inning off losing pitcher Jim Loberg.

Astros 8, Expos 7
At Houston, Doug Rader, who had a 5-for-6 day at the plate, hit a double that launched a two-run 12th, insuring victory for the Astros an 8-7 victory over Montreal.

Rader hit his third double of the game with one out in the 12th and Ernie Casella and Skip

May followed with run-scoring hits to seal the game.

Montreal had gone ahead in the top of the 11th when Larry Lintz singled, raced around to third when the ball got through Cabell and scored on Mike Jorgensen's single.

Dodgers 7, Cardinals 3
At Los Angeles, Jimmy Wynn drove in four runs with a double and a homer and Joe Ferguson, batting only .168 at game time, added a pair of homers to power the Dodgers to a 7-3 victory over St. Louis as Don Sutton notched his eighth triumph of the season.

Wynn gave Sutton a lead in the third inning with a double that scored Tom Paciorek from first base and scored himself on Steve Garvey's single.

Wynn made it 5-0 in the fourth inning when he hit his eighth home run of the season with two men on base off Elias Sosa. The four RBIs gave him 30 for the year.

The A's then cut the Indians' lead right-handed Jim Hughes pitched a three-hitter last night for his fifth straight victory and Danny Thompson drove home the winning run to give the Minnesota Twins a 3-2 triumph over the Milwaukee Brewers.

The only hits off Hughes were Robin Yount's single in the first inning plus a double by Elvio Hernandez and a single by Pedro Garcia in the third, when the Brewers scored both their runs. Hughes walked three and struck out six to improve his record to 5-1.

Thompson's run-scoring single in the sixth settled the issue. Larry Hilde opened the inning with a single, advanced to second on an infield out before scoring the winning run as Thompson singled to center off losing pitcher Pete Broberg (6-4).

A's 10, Indians 5
At Cleveland, Billy Williams hit a three-run homer and Rolfe Fingers hurled four innings of shutout relief to pace Oakland to a 10-5 victory over the Indians.

The A's, trailing 5-0 after three innings, chased Cleveland rookie starter Ernie Reich when Williams hit his sixth homer over the rightfield fence in the fourth.

Red Sox 6, Angels 0
At Boston, Rico Petrocelli and Rick Burleson hit three-run hom-

ers to support the five-hit pitching of Bill Lee and lead the Red Sox to a 6-0 victory over California.

Petrocelli's homer came off starter and loser Andy Hassler in the second inning with Dwight Evans and Tony Conigliaro aboard on walks.

The Red Sox got three more runs in the fourth inning on a two-run homer by Burleson and his sacrifice bunt when Richie Allen was charged with an error after failing to cover first. Pinch-hitter Doug Flynn hit into a force play, and Morgan's game-winning hit came after Pete Rose forced Flynn at second for the second out of the inning.

Johnny Bench hit a pair of homers for the Reds.

Padres 5, Pirates 0
At San Diego, left-hander Randy Jones hurled his second consecutive shutout, his fourth of the season, and Dave Winfield had two hits including a home run to lead the Padres to a 5-0 victory over Pittsburgh.

Jones lowered his ERA to 1.58 while winning his fourth straight game, running his season record to 6-2. He scattered four hits, walking only one and striking out one.

Johnny Grubb led off the first inning for the Padres with a line double to left-centerfield. Enzo Hernandez sacrificed Grubb to second and he scored on a ground-out by Bobby Tolan, giving the Padres an early 1-0 lead.

Expos 2, Astros 1
At Houston, Gary Carter hit a game-winning sacrifice fly in the ninth inning and Steve Rogers hurled a four-hitter, to give Montreal a 2-1 victory over Houston.

Rogers (3-4) walked one and struck out four in going the distance.

Singles by Rich Coggins and Larry Blitner and a base on balls to Mike Jorgensen loaded the bases for the Expos with one out in the ninth to set the stage for Carter's blow.

Cardinals 6, Dodgers 2
At Los Angeles, rookie Keith Hernandez drove in two runs with his first major-league home run and added another RBI with a single, while Lynn McGlothen and Al Hrabosky combined on a four-hitter in a 6-2 victory for St. Louis over the Dodgers.

Hernandez had a two-run homer with two outs in the seventh inning to snap a 1-1 tie. Earlier, the Cardinals first baseman singled in the initial run of the game in the second inning. Hernandez's blast came after Don Hahn legged out an infield roller for his first hit of the season.

Warriors Sweep NBA Finals

By Leonard Koppett

LANDOVER, Md., May 25 (UPI)—Displaying the poise and team balance they had displayed all season, the Golden State Warriors won the 26th National Basketball Association Championship today by completing a four-game sweep of the Washington Bullets in an almost unnecessarily dramatic 96-95 victory.

The exciting circumstances, ignited in the opening minutes of the game when coach Al Attles was ejected for rushing to the defense of his star, Rick Barry, obscured the essential simplicity of what had been happening since this series began here exactly a week ago.

The Warriors, with no players of great reputation aside from Barry, simply played sounder basketball, especially on defense. Stan Rotstein, who had enjoyed a more impressive season, and in all the pressure situations, the Warriors proved more controlled and more effective.

As in the second game, which they won at home by one point, the Warriors had half a dozen chances to win and lose in the closing seconds of the game. The final scoring plays fell on the shoulders of Bulch Beard, the 25-year-old guard from the University of Louisville who has played five NBA seasons.

With 1:45 to play, Beard's driving layup gave the Warriors the lead, 94-93. The Bullets lost possession on a bad pass, and neither side was able to score through a series of tension-building turnovers until Beard was finally fouled with 19 seconds left. He made the first free throw, but missed the second, so that the Bullets still had a chance to tie.

But with nine seconds left, a shot by Phil Chenier was rebounded by Beard and Elvin Hayes fouled him, in backcourt.

That meant Beard had three chances to make two points, which would wrap up the game. He missed the first two, but sank

the third for a three-point margin that withstood a final tip-in basket by Wes Unseld.

In a sense, however, the details were false drama, because of the 3-0 lead the Warriors had in games. No team has ever overcome such a deficit in any NBA playoff series, so that even if this one had turned out the other way, the Warriors would have still held a commanding 3-1 advantage.

"They simply played sounder, better basketball than we did," said Unseld, his disappointment showing but his sense of honest evaluation unimpaired.

"We tried, but they played better," said K.C. Jones, the Washington coach. Pressed for a more technical description, he added: "They took the middle away from our defense, and we didn't adjust to that fully enough or soon enough."

"We never panicked," we just kept on doing what we knew we had to do," said Barry, whose 20-point total in this game in no way reflected the all-around importance of the 43 minutes he played.

Barry had scored 38 points in the third game and, regardless of anything else, was Washington's central problem. Mike Riordan, the former New York Knicks star, was guarding him, started challenging him physically right from the start, and was charged with three fouls in the first three and a half min-

utes, but there was lots of other contact that wasn't called.

The third foul found Riordan with a wrestling hold on Barry, and Attles came racing off the bench into the scuffle. Referee Rich Powers ejected him for that reason.

"But a coach has the right to go out on the floor if a fight is starting," insisted Attles afterward, "and that's what I thought I saw. It was obvious they were going to try to get Barry upset. What if he threw a punch? He'd be ejected, and that's what I was trying to prevent. And what if Riordan had hit him and broken his jaw? Perhaps I was too aggressive in the way I got out there, but I felt I was doing the right thing to stop a fight."

Friday's Game
SAN FRANCISCO, May 25 (UPI)—The Washington Bullets played their third straight "in-a-rance" game of the National Basketball Association championship series Friday night and, for the third straight time, the hustling Golden State Warriors slapped them silly.

Galindez to Defend
BUENOS AIRES, May 25 (Reuters)—Argentina's world light-heavyweight boxing champion Victor Galindez will defend his title against compatriot Jorge Armandu in Madison Square Garden, New York, on June 30.

Squash Is Emerging From Paris Basement

By Irving Marder

PARIS, May 25 (UPI)—Although it came to Paris more than a half-century ago, squash had not really surfaced here until this weekend. And not quite surfaced at that: the site of the first Paris Open was the basement of that skyscraper sprawl known as the Tour Montparnasse.

Formally called Eurosquash, this underground complex, despite its bunker-like exterior, is providing Parisians with an excellent introduction to a sport known in France only distantly, though racquet games have been played here for centuries.

If it has taken a long time to arrive, all the signs point in the direction of a new growth industry. As Le Figaro put it the other day, not the least of the factors spurring its rise is the reputation of squash as "plutobob"—rather posh, and also as the sport of the "F.D.G."—the president-director-general—i.e., the executive set.

The moving spirit behind Eurosquash is Eddy Louis, a dapper, bearded young civil engineer who opened a seven-court layout about a year ago. An enthusiast with his feet on the ground, Louis soon found himself putting in 16-hour days that relegated engineering to the background, though his professional training was useful in building the courts, the gym, the sauna, restaurant, bar, and the other amenities of the club. The largest non-French segment of the club's 800-plus membership is British—21.5, he says, with a slightly lower percentage of Americans. The rest are mainly French: about 20% of the club's membership is women.

Louis's greatest coup, perhaps, was in signing a member of the legendary Khan clan as his top pro (there are two others). The Khans are not only Pakistanis—part of the aristocracy of bigtime squash—but also Pathans, the famous warrior tribe from Peshawar, near the Afghan border. Eddy Louis's Khan, Shah, a Pakistani champion in the 60s is one of about 20 members of his immediate family who have figured in the top-ten rankings in squash for many years. "All Pathans," he explained, "are named Khan—it is a tribal name. As Sikhs are named Singh." But all Khans are not necessarily whizzes at squash, although the Pathans in general are natural athletes.

Away From Game
Shah Khan, who is 31, has been playing squash for about 17 years. Swarthy and hawk-faced, diffident, smaller than most of his compatriots, he nods as Louis talks about the extraordinary way that squash has taken off in recent years. Khan, until he joined Eurosquash, had been away from the game for seven years. Getting back, he held a hand about a foot in front of his belt to indicate the size of his paunch. Having earned a degree in agronomy, he succumbed to Louis's blandishments.

"I'd rather play than teach," he admitted. But, although he had just polished off a semifinal hopeful in the Open, he agreed to give a newcomer to the game a pointer or two.

On the Eurosquash courts, and in international competition generally, the hollow English ball is played, rather than the fat American. Khan, whipping it back and forth against the far wall of the court like a horizontal yo-yo, explained that the ball of the court gets heavier during play, as the air inside heats up. Until then, however, when bounced off the wall it falls almost dead. Once it is well in play, the game resembles nothing so much as a fencing match with an octopus. And this, of course, is the core of its appeal, especially to people who like net games but find tennis tame.

Khan, while he was chatting, flicked the small black ball an inch from the floor and whipped it off the far wall. It bounced back at an improbable angle. The pupil, lunging desperately, missed by a foot.

Major League Standings
NATIONAL LEAGUE
Eastern Division
Chicago 22 17 564
New York 18 16 528
Philadelphia 18 15 513
Pittsburgh 18 12 500
St. Louis 16 21 472
Montreal 14 20 413

Western Division
Los Angeles 27 11 614
Cincinnati 23 20 535
San Francisco 21 19 524
San Diego 20 20 524
Atlanta 20 23 465
Houston 17 28 378

Friday's Results
New York 3, Atlanta 1
Cincinnati 5, Philadelphia 2
Houston 4, Montreal 2
St. Louis 4, Los Angeles 3
San Francisco 2, Chicago 2

Saturday's Results
San Francisco 10, Chicago 3
New York 4, Atlanta 2
Montreal 2, Houston 1
San Diego 5, Pittsburgh 0
St. Louis 4, Cincinnati 2
Cincinnati 3, Philadelphia 2

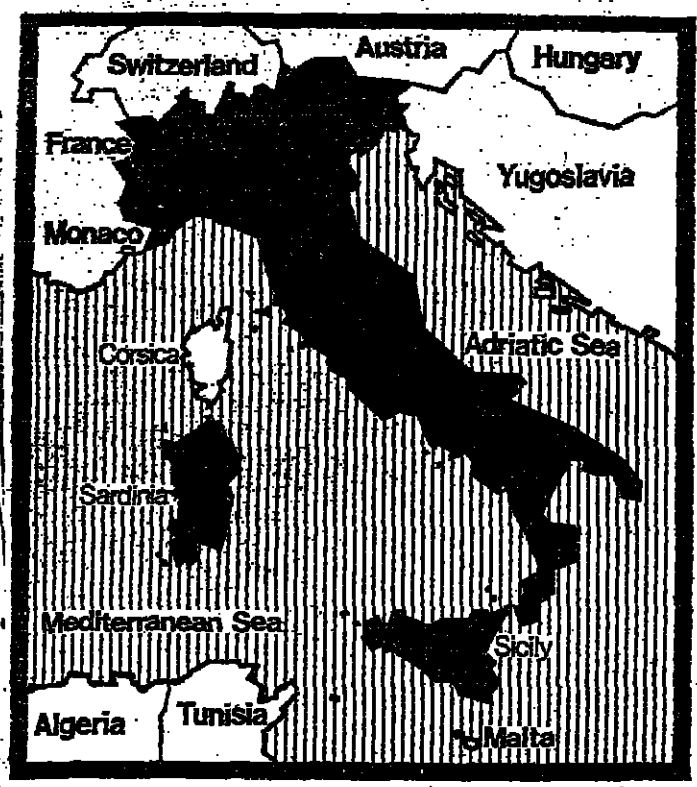
Sunday's Games
Atlanta 6, New York 3
Cincinnati 4, Philadelphia 3
Houston 4, Montreal 2
Pittsburgh 4, San Diego 0
Cincinnati 4, St. Louis 2
Los Angeles 7, St. Louis 2

Friday's Results
Boston 4, California 1
Oakland 4, Cleveland 2
New York 11, Texas 7
Minnesota 5, Milwaukee 1
Kansas City 15, Baltimore 1
Chicago 4, Detroit 1

Saturday's Results
Oakland 10, Cleveland 4
Boston 6, California 0
Chicago 4, Detroit 2
New York 9, Texas 5
Minnesota 3, Milwaukee 2
Kansas City 4, Baltimore 1
Chicago 4, Boston 2

Sunday's Games
New York 5, Texas 4
Oakland 6, Cleveland 3
Cleveland 6, Oakland 0
Detroit 4, Chicago 2
Milwaukee 7, Milwaukee 2
Kansas City 5, Baltimore 1
Chicago 4, Boston 2

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Special
Section

As Italy Tackles Energy Problems

The Economic Outlook Provides Hopeful Signs

ROME (UPI)—Italy's industrial recession lingers on, but its economic situation has improved from a year when it was more than a billion dollars in the red. The first quarter deficit this year was under a billion dollars, a third of what it had been during the first three months of 1974.

Foreign and Italian bankers view Italy's "turn of the corner." The situation is certainly greatly improved from last year when Italy went more than a billion dollars in the red. The first quarter deficit this year was under a billion dollars, a third of what it had been during the first three months of 1974.

Earnings from invisibles, especially tourism and emigrants' remittances, meant there was a small payments surplus in March, the first since August.

Italy faces a number of serious problems—industrial production is slipping, labor costs are rising almost 30 percent a year and strikes abound, particularly within the civil service. But the Italian rate has been brought down from 25 percent in December to 20 percent in March and the country's businessmen and salesmen are showing considerable vitality in winning orders.

Trading

Foreign Trade Minister Ciriaco De Mita says: "We talk with our partners in various parts of the world and make ourselves understood. When we arrive everywhere, we are supposed to be already set but we get contracts."

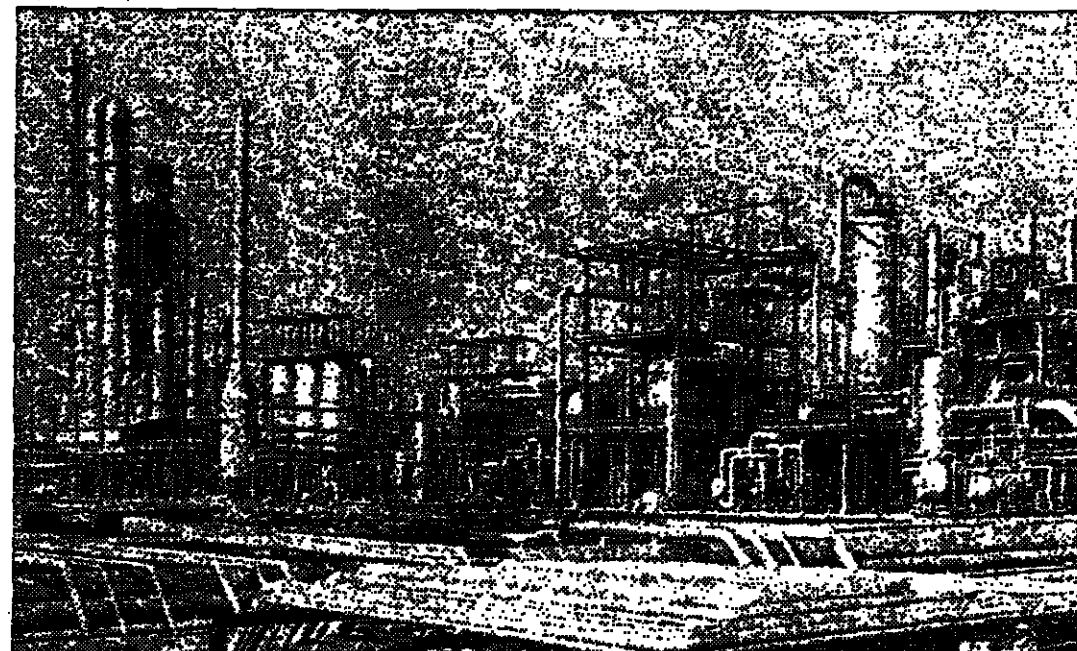
He added: "Our technology is not as advanced as some Japanese and U.S. technology. We have a genius for adapting to the needs of a country."

Mr. De Mita answered questions about Italy's trade position upon return from a sales trip to the Americas.

—How do you explain the remarkable recovery in Italy's balance of payments?

Mr. De Mita—The reversal of

A petroleum cracking plant. Italy is working hard to ensure long-term supplies of oil. This plant at Brindisi is part of the giant Montedison complex.



Montedison S.p.A.

A Spectacular Comeback for Montedison

By Bernard D. Kaplan

MILAN (UPI)—When the shareholders of Montedison assembled at corporate headquarters here for their annual meeting in early May, they received welcome and rare news. For the first time since 1969, Italy's biggest company declared a dividend.

The announcement reflected a spectacular comeback by a sprawling corporate leviathan which, a few years before, many had predicted was heading for the rocks.

A week later, Montedison's president, Eugenio Cefis, abruptly resigned, only to return to his post triumphantly a week after that.

Taken together, the two developments were a kind of synopsis of what has been happening to the chemicals, pharmaceutical and textiles conglomerate—and why, it may be Italy's most

dynamic company right now, with prospects of becoming a steadily more important factor internationally.

Already the fifth largest chemicals manufacturer in the world and the sixteenth largest corporation outside the United States, its executives speak confidently of climbing to fifteenth position in a year or two, and moving to challenge Imperial Chemicals of Britain and BASF of West Germany, respectively the number two and number three chemical firms in Europe.

Postwar Merger

Mr. Cefis's dramatic, if brief, resignation had nothing to do with Montedison's internal policies or the manner in which he ran the company. It had everything to do with Montedison's peculiar corporate structure, the mixture of private and public

ownership under which it functions, and which, to many foreigners, seems a graphic expression of the Italian genius for making chaos work—and even pay a profit.

Montedison is the offspring of Italy's biggest postwar merger, between Montecatini, the chemicals firm, and Italian Edison which, until public utilities were nationalized in 1962, was a major power company.

The merger was described in Italian industrial circles at the time as a marriage between the blind and the paralytic. It led to a situation in which two state organizations, IRI and ENI, shared voting control with some of the nation's biggest private interests: Basiglio, Monti, Agnelli, Eredi and others. It was a frequently uneasy relationship, the balance tending to swing one way and then the other.

Mr. Cefis himself came from the state sector, having succeeded

the famous Enrico Mattei as head of the public petroleum and energy company, ENI. But, after joining Montedison in 1970, he was credited with fending off attempts to increase government influence in its operations. However, his recent resignation was a blow delivered in the opposite direction, against maneuvers by two private groups which had secretly embarked on buying up large blocks of shares.

Own Logic

When the two groups, including representatives of a rival Italian chemicals company, refused to reveal themselves publicly, Mr. Cefis quit. The alarmed reaction from other shareholders forced the behind-the-scenes acquirers into the open. Once exposed, they had little option but to abandon the operation. A group of semi-public financial

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Bartering Know-How For Oil Supplies

By Paul Olbe

ROME (UPI)—The Italian state oil company ENI met the oil crisis with something of the flair imparted to it by the entrepreneurial genius who founded the company in 1962, the late Enrico Mattei.

ENI (Ente Nazionale Idrocarburi) has had to hustle and bargain for long-term supplies of crude from the Middle East and North Africa, offering often in return skilled engineering and other services from the 180 companies it controls in Italy and abroad.

The giant enterprise has again become a political football finding itself once more at the center of a fierce debate over the role of the large state corporations, but it has played a major role as a non-oil company in helping Italy stage a remarkable recovery with its balance of payments.

The group has just reported a consolidated loss of 10.6 billion lire (\$17 million) for 1974 against a 1973 profit of 26 million lire, but the last year has seen it forge new links of partnership with Italy's main suppliers—Saudi Arabia (40 million tons), Libya (24 million), Iran (15 million) and Iraq (13 million). This has proved vital because of Italy's heavy dependence on imported oil and gas. The country relies on imports for more than 80 percent of its energy requirements.

Another burden on ENI is that its contribution to national energy needs has risen from 18 percent in 1970 to 33 percent, following a government price freeze which drove away foreign oil companies or forced them into mergers with ENI.

Shell Absorbed

This was the fate of Shell Italiana which is now part of the ENI group as Industria Italiana Petroli.

The rapid rate of energy expansion of the past 10 years has leveled off, but Italy has not been successful in achieving a significant reduction in consumption.

So ENI, which was known in Mattei's days as the Italian Foreign Office, has had its negotiators, salesmen and engineers out in the OPEC lands bartering Italian know-how for oil.

It can do this, for ENI is not only Agip, the oil and gas exploration and production company with the sign of the six-legged dog above its filling stations, but engineering (Snam Progetti), plant and pipeline construction and offshore drilling (Saipem), mechanical manufacturing (Nuovo Pignone), textiles (Lancross), petrochemicals (Anic), natural gas transmission, tankers and pipeline operation (Snam).

A battle between the captains of Italy's industry and some politicians leading to the recent resignation of ENI's chairman, Raffaele Girotti, has not affected the efforts of ENI's managers to secure a new basis for the company's future.

Accord With Saudis

There is near agreement on crude supplies between ENI and the Saudi Arabian national oil company, Petromin, although last year's hopes for substantial extra supplies have not been realized. But as an ENI official explained, "Everyone was trying to earmark oil last year. This is no longer so."

Nevertheless a big package is in the works with Iran. In exchange for Iranian oil, preliminary agreements have been reached under which Iran will participate in downstream activities of ENI in Western Europe and Africa.

The plan is for Iran to hold options on a 50-percent shareholding in Industria Italiana Petroli and for the Iranian National Oil Company to take an interest in the Agip chain in southern Germany, Austria, Switzerland and parts of France. The price for these gas stations has held up the final accord.

ENI policy in Iran has also been to bring together groups of Italian companies, including even the big private ones of the calibre of Fiat.

Engineering affiliate Snam Progetti, which builds the bulk of ENI's own plants, leads the way in providing special engineering skills for the oil industries of countries like Iran.

The National Italian Oil Company awarded it contracts for

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A State Venture That Helps The Nation Meet Its Needs

ROME (UPI)—Management of the state's industrial shareholdings gives the Istituto per Ricostruzione Industriale (IRI) influence over wide sectors of the Italian economy. Its aim is to help development of a market economy.

A leading IRI official put it, as state is our owner, but day-to-day policy is ours, and we like a private financial base. We are in the market, and state enterprise has become a private.

It was launched 40 years ago to rescue the banks with their holdings in industry. To control the Italian steel industry through Finisider, electrical and nuclear engineering through the Finmeccanica group, building (80 percent of national production), Alitalia, state banks, Alfa Romeo.

Our hundred managers at IRI headquarters off the Via Veneto have run a huge industrial complex employing half a million men and with a turnover close to trillion lire.

Called Too Big

Ch size has drawn criticism, but they have developed much," said an IRI manager. IRI's management claims that the group has led the sectors of the Italian economy, notably steel, up to national standards while saving 90 percent of its cost from the market.

I had a direct influence on the Swedish and its experience is considered relevant to the British steel industry. Board, but its part fights against its own companies.

The group says it is pursuing policy of being both profitable and socially responsible by investing in shipbuilding, holding, to build up an Italian steel industry and collaborating in the construction of houses and hospitals, both of which supply in contemporary

Fiat: The Emphasis Is on Diversification

By Bernard D. Kaplan

TURIN (UPI)—Giovanni Agnelli, the head of Fiat, rates as an optimistic pessimist.

He believes that the Western world is going to get poorer—or, at least, no richer. But he thinks that the West, Italy and Fiat need not necessarily be alarmed at the prospect. All three, he said in an interview at Fiat's headquarters here, should be able to adjust to the situation by showing imagination and realism.

The development plans of the Italian automotive giant, which he heads, are based on the assumption that a different world, economically speaking, will emerge in the course of the coming decade. The process, Mr. Agnelli said, already has started. Fiat's response is a major diversification program that aims to cut back the passenger car side of its business to no more than 50 percent of its total turnover by 1980 compared to 70 percent this year.

Meanwhile, as part of the same evolutionary process, Fiat also has embarked on a subtle modification of its image as a car manufacturer.

"The four-fold increase in petroleum prices has changed the outlook for the industry and the attitude of the car user," he said. "But not in the way that was expected when it occurred. The price of petroleum in itself doesn't affect the car industry. It affects the economy. But there is elasticity in the economy. The

customer is no longer changing his car so often—and the habit of changing cars every two years is certainly over and done with—but, when he does, he is not choosing a smaller, cheaper model than his previous one. This was an expectation that simply never came off.

"We have found in our marketing studies that there is definitely a 'middle class' of cars which, like the middle class itself, covers 50 percent of the market. It is likely to grow by comparison to other sectors of the market. That is where the future is. This involves a car in the 1,100 to 1,500 cc range which, of course, is not a small car by our standards."

Mr. Agnelli still takes an enormous pride in the mini cars that were chiefly responsible for Fiat's worldwide postwar expansion. The famous line that included the Cinquecento and Scintille lives on in the present-day 120 and 127. But Fiat eventually will offer only one mini car, in keeping with an overall reduction in the number of models available.

According to Mr. Agnelli, "No body is more experienced than we are in designing and building small cars. We certainly will maintain our technical qualities in this range. But little cars mean little profit. It is also not a growing market in an era of replacement rather than expansion, which is what we now are in. From now on, we expect to increase mid-car sales only in prosperous periods when families buy them as second cars."

The Fiat executive estimated that the European automobile market, after falling last year, will reach the 1973 level again only by the end of this decade. So, until at least 1978, car makers will be confronted by what he called a "replacement crisis"—in other words, the marketing problem caused by the individual car owner's hesitation over whether to buy a new model or hold on to his old one for another

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Giovanni Agnelli

Future Demand Depends On Nuclear Power Program

ROME (UPI)—Italy has an ambitious program for a chain of nuclear power stations to reduce its present high dependence on imported energy but it has run into two problems—cost and obtaining authorization from local authorities for the siting of the stations along the coast.

Some of the new nuclear plants have been ordered but the program has been delayed by major digging in their heels for environmental reasons and by a press campaign against the stations. Italia Nostra, an environmental group, is a main opposition group.

The task of solving these problems falls on the shoulders of Prof. Arnaldo Angelini, head of the Ente Nazionale per l'Energia Elettrica (ENEL), the National Electric Energy Agency.

He has told Parliament and various national and international gatherings that it is essential that Italy increase its supply of nuclear energy between now and the 1980s.

ENEL's program of new nuclear plants foresees the completion by the end of 1975 or the beginning of next year of a plant located at Caorso, with a generating capacity of 850 megawatts and the construction, pending the necessary authorization within the near future, of four new centers with a combined generating capacity of 4 million kilowatts.

The Ministry of Industry and CIPE, the interministerial planning committee, have approved these centers and the orders were placed 12 to 18 months ago.

"It is our intention to construct only nuclear plants to satisfy new demands for energy in the programs that will succeed those currently being carried out," an ENEL spokesman said.

ENEL's thermo-electric program will be limited to completion of previously planned centers, with the goal of serving the needs of particular parts of the country—ENEL's users have increased from 15 million to 35 million during the last decade.

ENEL estimates that during the next five years it will have to order 12 to 16 nuclear units with a combined generating power between 14 million and 20 million kilowatts to keep pace with demand.

It further estimates that in the following five-year period, from 1980 to 1984, other nuclear units supplying power of 27 million to 30 million kilowatts will be necessary.

According to these projections, nuclear plants generating 5.3 million kilowatts should be operating throughout Italy by 1980; by 1985, there should be 20 million to 25 million kilowatts and by the 1990s, 47 million to 62 million kilowatts.

Rapidly Growing

If the plan goes through, nuclear energy will supply a rapidly growing part of ENEL's electrical energy production, rising from 15 percent in 1974 to approximately 50 percent five years later and up to 80 percent by 1990.

This would obviously reduce drastically the need for fuel oil—imported oil and gas account for more than 80 percent of Italy's current energy needs—and provide a tremendous tilt in Italy's favor in its balance of payments.

As Prof. Angelini put it: "France sees a big balance-of-payments advantage in its nuclear energy."

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Alitalia — A Tough Year, Pushing for New Services, New Gains

ROME (UPI)—Alitalia continues to provide a worldwide service despite a deteriorating financial state comparable to almost all other big airlines.

Thirty years ago, Alitalia had five aircraft on loan from the Italian Air Force. Today it carries more than 6 million passengers a year, 60 percent of whom are not Italian. Only one-quarter of the places to which it flies and 3 percent of its network are in Italy. In Africa, it is the foreign airline with the largest number of landing points.

Medium-haul routes for Alitalia include not only European stops but also destinations across the Mediterranean, south and east. It is an airline ranging from very short, domestic hops to big jumps such as the Rome-Rio and Rome-Johannesburg direct routes.

The day-to-day head of this far-flung empire is Fabrizio Sereno di Lapiglio, who has his office atop the Alitalia glass block at EUR, the modern administrative city outside Rome. The tall,

fair Italian is a mixture of modern manager and economic philosopher.

In his role as manager, he has to assure efficiency while cutting costs and making sure the taxpayers do not shoulder too heavy a burden.

In his other role, he reflects upon whether big airlines such as Alitalia can continue operating at their present size "or whether we should divide things and be smaller. At the moment, we are international carrier, domestic airline and hotelier," he said.

Mr. Sereno di Lapiglio, formerly Alitalia's man in North America, refuses to be pessimistic for long. "One thing is certain and that is air transport is not going to die," he said.

A big problem facing Alitalia is a Pan American World Airways plan to pay increased commissions to travel agents. The Italian airline is one of the fiercest opponents of the plan, believing that new inducements cannot be offered at a time when

fares, if anything, should go up.

"The iron laws of economics should be respected instead of this hodgepodge of favors," Mr. Sereno di Lapiglio said.

He thinks the Pan Am plan would lead to a concentration of traffic, prove "a monster for the whole industry" and be proposed a clearer increase of remuneration to agents. Alitalia has pushed for a one-half of 1 percent increase.

"We hope the U.S. government will understand that the industry is right and Pan Am wrong," the Alitalia boss said.

Mr. Sereno di Lapiglio maintains his good cheer even after declaring last year as financially "very bad." Loads were good, but costs of fuel and personnel "ran away from us." The airline faces a negotiating problem with various unions on whether there should be one contract embracing everyone or several contracts. It has accepted a single contract and now waits for final union demands.

Alitalia's load factor last year was 58.5 percent, one of the best in the company's history—but the quadrupling of fuel costs led to a change of management techniques from intensity of production to attention to costs.

About 16 planes have been grounded. These are the old DC-8s and Caravelles which the airline wanted to phase out anyway.

"We feel we can reorganize our network in a more efficient way but we will have to buy more modern planes," Mr. Sereno di Lapiglio said.

The choice lies between the new European A-300 Airbus or stretched versions of the Boeing 727 or the DC-8.

Some Alitalia experts think that the Airbus is perhaps too big, given the soft travel market, but it does possess a large freight capacity and mechanical loading methods which are attractive to an airline with declining passenger loads on important routes. Pallets and containers are as

important as passengers these days for airline profitability.

Like other airlines, Alitalia seeks an ideal mixture of planes in its fleet, not too many varieties, but not too few. The tremendous differences in route mileage mean the choice for the Italians is critical.

In the 1960s, there was investment in long-range services, but the trend now is toward short range, winning European businessmen through smart scheduling and packaging while carrying freight in the belly of planes.

Alitalia is setting out to woo the businessmen in a big way, offering not only free car mileage for a stay in Rome of more than six days, but also the new Intermezzo package.

In this package, a businessman is picked from the melee of Fiumicino Airport, whisked to one of Rome's top hotels, fed three meals a day and charged only about \$30 a day.

In short, the airline wants to provide the same kind of service

to foreign businessmen as it does for Italians, who regard Alitalia offices around the world as unofficial embassies. "They are always coming to us for advice," said Enrico Facchiariotti, the airline's sales promotion manager, formerly the head of Alitalia's Beirut office.

The airline also has had good results in Africa, particularly on routes to Nairobi and Dar es Salaam, which have now become year-round favorites. And it has maintained its traditional strength on South American runs.

Alitalia still links the southern Italian mainland and Palermo for free for passengers flying the Atlantic on normal fares. For special-fare passengers, a stop at Naples is thrown in for free, while travel further south is at half the usual domestic cost.

Financially, this year "looks pretty bad," said Mr. Sereno di Lapiglio. "But if it has to be sold let us bleed now and get it over with."

CIRENE - A NEW ITALIAN NUCLEAR REACTOR

In Italy, work will begin shortly on a prototype 40 MW CIRENE Nuclear Reactor near the E.N.E.L. (National Electric Energy Agency, Italy, nuclear power station at Latina in Italy.

In fact "Società NIRA" (Advanced Italian Nuclear Reactors) was entrusted a few days ago with the first phase of the work for the construction of the plant in collaboration with "Ansaldo Meccanica Nucleare," "Agip Nucleare," FIAT and FRANCO TOSI Company.

NIRA had already received orders to carry out the assemblage of the reactor.

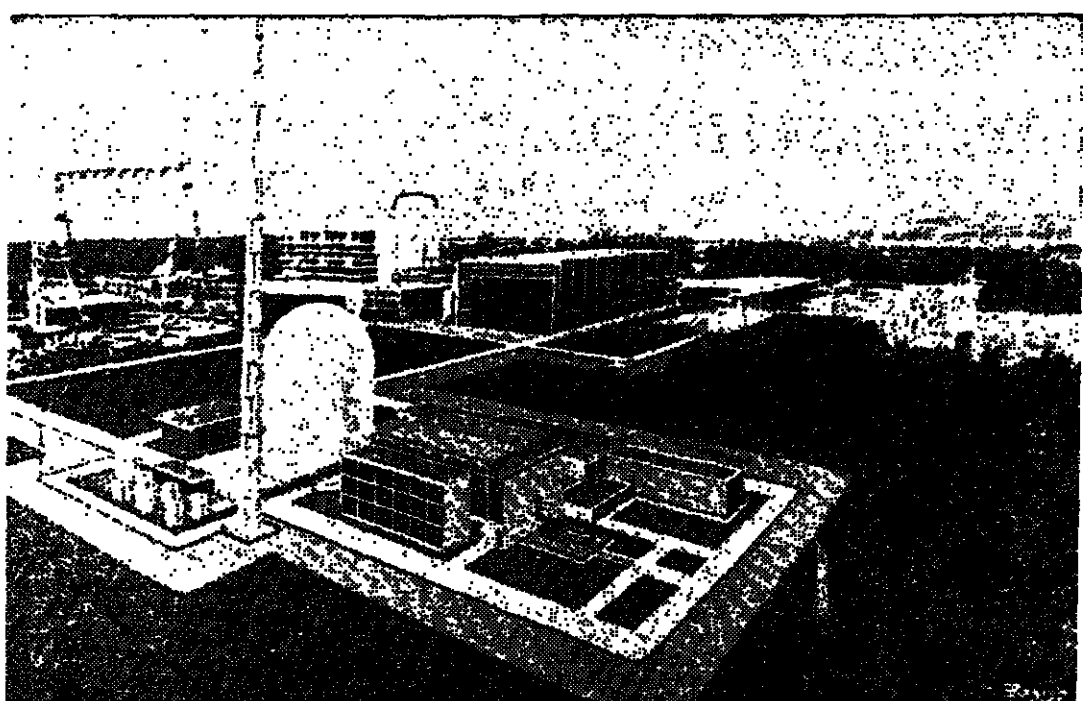
As is already known the realization of the CIRENE reactor is a joint CNEN (National Nuclear Energy Board) - ENEL undertaking in close collaboration with CISE (Experiment Study Information Centre) and the national industry.

The CIRENE is an experimental reactor belonging to the advanced type of converter, which uses natural uranium as fuel, heavy water as a moderator and natural boiling water as a thermic vehicle.

Of original Italian conception, it was initially developed in the CISE laboratories; successive research programmes carried out by CISE and CNEN were financed by EURATOM and CNEN.

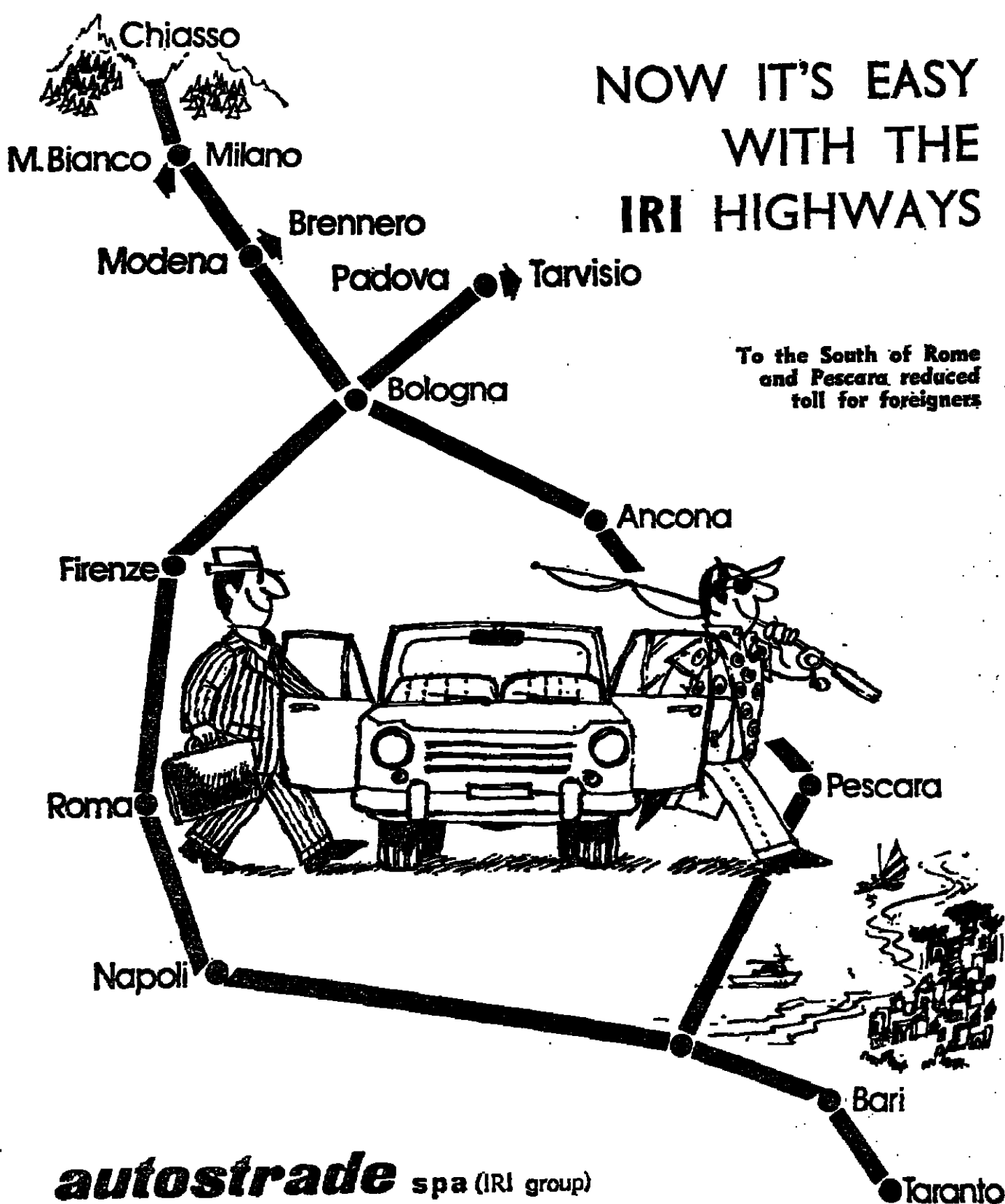
The CIRENE reactor, which is being studied in fairly similar models in Canada, Japan and the United Kingdom, presents interesting economic prospects and also offers the advantage of a better use of nuclear fuel than in reactors operating today.

If the Latina type gives the results expected, then "CIRENE" type nuclear plants could play an important role in meeting national electric power consumption.



TRAVEL TO SOUTHERN ITALY

NOW IT'S EASY
WITH THE
IRI HIGHWAYS



At Fiat, A Big Change in the Strategy

(Continued from Page 15)

other year or two. By 1979, according to Fiat's projections, this problem will have largely disappeared itself. The attrition of cars bought just prior to the petroleum crisis will make large scale replacement inevitable. Even then, however, there will be a significant difference from the situation which existed until the early 1970s, the years of the European automobile explosion.

The proportion of consumer expenditure devoted to cars is going to be less," Mr. Agnelli predicted. "We estimate that in the 1980s, private consumption will advance at a rate of 4 per cent a year. But, in the automobile market, the rate of consumer expenditure will go up no more than 2.5 per cent a year. This will reflect the slowdown in replacement that is progressively being built into the public's social habits."

Fiat has become the first mass manufacturer to gear its marketing strategy to this change in consumer mentality. The new 131 Mirafiori (named after the plant where it is produced) is offered to the public as a car "built to last 10 years." In an industry where advertising has traditionally concentrated on speed, good-looking lines and, more recently, economical consumption of fuel, the slogan has made everyone—the public, rival manufacturers and sociologists—sit up and take notice.

Over the years, there would be small alterations made on the 131, Mr. Agnelli explained, but the same basic model will continue to be built "for a very long time." It is planned that 90 per cent of the car's components will remain the same for the next decade.

The fundamental thinking which lay behind the Mirafiori and its marketing was that "we must all learn to think poor," he said.

"In periods of prosperity, one encouraged and provoked consumer demand more than necessary," he added. "In more austere times, we must not stimulate demand artificially. The Mirafiori is being marketed to fit in with this belief."

Change of Slogan

But, as he freely conceded, its appearance also coincides with the era of much slower model replacement by the public. By the time the production life of the 131 ends, people are likely to be buying new cars more often, even if not as often as before the petroleum crisis. By then it may be time for a change in advertising slogans, as well.

The launching of the Mirafiori had contributed to a general upswing of Fiat sales in recent months, he said. After disastrous 1974—in which sales of Fiat and its wholly-owned Autobianchi subsidiary dropped by 23 per cent, while those of Lancia, another subsidiary, went down by nearly 16 per cent—stocks of unsold cars have been cut from 280,000 late last year to 150,000 in May. While part of this improved picture stems from cuts in production, there have also been one or two striking examples of rising markets, most notably in the United States where Fiat has doubled its sales over the last year, shar-



The production of farm tractors is one of the growing areas of Fiat's diversification program. This plant is in Modena.

ing in the American motorist's switch to imported cars. Fiat sales went from 50,000 to 100,000 cars.

But Fiat's chairman said he did not expect such accelerated expansion in the U.S. market to go on indefinitely, either for his company or other foreign car makers. "As the market in the United States picks up with an improving economic situation, the percentage of car imports will not increase much, if at all, from what it is now," he said.

In comparison to other European car firms, Fiat operated with some disadvantages but with at least one transcending advantage. Mr. Agnelli said that the men at the head of small companies like Volvo and BMW had less reason to fear the uncertainties of the present than a mammoth like Fiat. "They have been doing well so, naturally, they are less worried than the rest of us," he said. "Of course, by the same token, the smaller companies can't afford to make one mistake. We are rather luckier in that respect."

Some industry experts regard what Mr. Agnelli termed "Italy's great rigidity of manpower" as a fundamental handicap for Fiat next to German or French car firms. In the long run, he saw it the other way around. Manpower, he agreed, was "the main difference between us and our competition. With virtually the same payroll as in 1973, we are currently operating at 83 per cent of plant capacity."

Fiat production this year is expected to amount to just over a million units, roughly two-thirds of the company's manufacturing capacity.

German car firms laid off thousands of immigrant workers in 1974, normally paying them a form of severance bonus to return home to Turkey, Yugoslavia, Italy and elsewhere. Fiat is almost exclusively manned by local labor. Italian law virtually excludes mass layoffs, and social factors would, in any case, tend to rule them out. The solution has been

short-time work, determined in concert with the Italian metal-lurgical workers' union under an agreement signed last November. The two biggest Fiat plants are expected to work at a reduced rate during at least five to six weeks this year.

The accord gives management the right to institute short-time whenever the company's stock of unsold cars goes over 250,000. It also provides for a system of 90-day market forecasting. If this indicates that unsold stock will grow to the danger level within the time frame under consideration, short-time also can be ordered. The union did not much like the forecast arrangement, but seems to have bowed to Mr. Agnelli's powers of persuasion.

Significant Achievement

Observers have labeled the Fiat agreement a significant achievement, especially considering the background of social unrest against which it was formulated. They credit it with producing a beneficial effect on the whole industrial relations scene in Italy. For Premier Aldo Moro's coalition government, it has offered a valuable psychological lift, helping along the government's unexpectedly successful efforts to reduce inflation and create a more stable economic atmosphere.

The Fiat chairman's views on future labor relations are surprisingly confident. He pointed out that his company is fortunate in having a single, consolidated union to deal with. It contains all the main political currents, Communist, Socialist and Catholic. In other Italian industries, this is not the case. "It makes it not easy, but more pleasant to negotiate with a single leadership," he said.

In Mr. Agnelli's view, Fiat's foreign competitors had the short-term advantage of expendable immigrant labor when the car market collapsed. But he believes that this will turn out to be a handicap to them in the final analysis. "Most of that

labor is not going to be available when they need it again," he said. "They can expect so difficult manpower problems. On the other hand, have a reservoir of resourceful, diligent workers in Italy."

In the future, he predicts there will be "less centralization of guest workers in Europe, more decentralization of wage and industry."

According to Mr. Agnelli, the flexibility of labor will be a decisive favorable element in its future development. It is an underlying factor in Fiat's own program of long-term diversification, which in 1974 chiefly responsible for the company going heavily into debt the first time in its 76-year history. Against a cash flow of billion lire, the company's investment cost \$30 billion—a gap met by borrowing on Italian and international markets.

Nevertheless, Fiat has continued to pay its shareholders dividend from its reserve, and by reducing the book value on depreciation of plant equipment from a conservative 10 per cent to 5 per cent. Fiat officials say that payment of dividend from accumulated reserves was tacit acknowledgment that more money necessary had been channeled into reserves in the past.

While Fiat is putting a large amount of capital and a large amount of money into the auto supply business—with particular reference to the Asian and American markets—diversification investment is moving mainly in four areas: heavy trucks (Iveco), the enterprise established in July through an agreement between Fiat and the West German firm Daimler-Benz (Daimler-Benz is a 49 per cent owner); earth-moving machinery (Piat-Alis Machine Morte); agricultural tractors (Piat Tractor); and Fiat Construction and Engineering.

Each is expected to be for at least twice the growth of the parent car company. Fiat-Alis, which is 65 per cent owned by Fiat, the growth is projected at more than 10 per cent annually. IVCO, 100 per cent Fiat-controlled, is presently the second largest producer of heavy vehicles in Europe. Agnelli said, "We hope to be the lead away from Daimler-Benz."

Fiat General Construction Engineering has 100 billion worth of orders on its books. According to Mr. Agnelli, the physical capacity at the moment a town, region or city authority has a plan for housing, hospitals, schools or other major construction project, we have the means to deal with it.

Of Fiat's most publicized recent years—its agreement with the Soviet Union to build the big auto plant at Togliatti for production of the Zil Zilgali car—Mr. Agnelli said, "We would do it all over again even though a planned 57 per cent profit for the Italian firm eaten up by higher than expected costs."

International Image

"I really never thought would make a profit," Mr. Agnelli said. "The deal was a bit in advancing Fiat's international image. If the Russians were to do anything now, they should do it first. And I believe Eastern market is going to be colossal. Before you even ask the question, I will say I am not afraid of the competition of Russian cars in markets."

Mr. Agnelli's hopeful carries over into his role as the Italian Confederation of Industries. Italy, he said, presents a much more encouraging picture for foreign investors than it appeared 12 months ago. "We were on the verge of bankruptcy, losing a billion a month," he said. "Now, balance-of-payments deficit has been reduced to less than for oil imports. Inflation has been cut to a rate of 15 per cent a year. What is a year ago would have said that the most part had a lien on government. That is gone now."

"On the other hand, the machine works badly and money is spent badly. A lot of amount of state-owned bigger than anywhere else. But investors with this, it has been said. Fiat's foreign investors have pondered the meaning of inflationary age in which it is."

"The price of raw goes down, but never of manpower," he said. "There to stay. Inflation simply amounts to a transfer of income from one group to another. It is certain now on, it is certain Western world will have the growth of technology others much more than us. In its Russian export activities in car manufacturing, Spain and Poland and Italy broadening role in Latin America and Asia. Fiat seems clearly to be acting out man's vision."



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Monetary values in U.S. dollars were calculated at the exchange rate of Lit. 436,325 to the U.S. dollar.



With Government Encouragement, Tourism Begins to Look Up

By Paul Olbe

ROME, (IHT).—Instead of bemoaning the falloff in the number of tourists visiting their country since the oil and inflation crises, the Italians have set out to do something about reversing the trend.

They have, for example, decided to bring back that tourist favorite—the cheap gasoline coupon. European countries abandoned this concession to the incoming motorist back in the affluent days when tourist totals curved ever upward and the coffers were full of dollars, marks and other foreign currencies.

The Italians were a little bit smarter. Instead of dropping the concession completely they "suspended" it. In 1973 there were some politicians who wanted to abolish completely this little bit of favoritism toward visitors. But wise counsels prevailed, and the suspension was neatly lifted last year, although too late really to affect the 1974 season.

The benefits, Italian tourist officials hope, will be evident this year, for Italy of all European countries offers the finest road network and the most carefree driving (the downtown areas of big cities excluded, of course).

Two-Thirds Drive

The lifting of the suspension was doubly logical, for figures show that an incredible two-thirds of tourists arrive in Italy by private car or bus, taking advantage of excellent road connections with France, Switzerland and Austria. Car-loving West Germans, who make up a third of Italy's 12 million tourists annually are the biggest users of this road network and the new, cheap coupons will be available through the German touring associations and banks as well as Italian tourist offices.

The coupons will only be available abroad and they will afford a 30-per-cent reduction in gasoline prices. A liter of ordinary gasoline at the pump will now cost 204 lire and the better quality 214 lire, compared with the 300 lire paid by Italian motorists. There will be a maximum allowance of 400 liters a car, 200

liters for motorcycles over 125 cc and 100 liters for bikes under that cubic capacity.

"The concession will be available to motorists twice a year," said an official of ENIT, the State tourist organization.

"This re-introduction of coupons has been a victory for us."

1974 Figures

The tourist rush to Italy was off last year, but not by all that much. The number of arrivals was down some 6.7 per cent and that of recorded nights spent by tourists in various establishments 4.6 per cent. The drop in car-borne campers was 8.5 per cent, but the overall dip should be straightened out by the renewed coupons.

Officials thought that 1974 was going to be much worse, with perhaps a 10-15-per-cent drop. There had been the cholera headlines from Naples and a 20-per-cent rise in costs for the industry. But the declining value of the lira benefited tourists from the strong-currency countries such as West Germany, Switzerland, the Netherlands and Scandinavia, and now the Italian Tourist Board is spending more money promoting Italy in Northern Europe.

There is hope that American and British tourists will return in greater numbers. Traffic from America was hit by higher fares, while in Britain's case it was not only the general economic slump, but the bankruptcies of big tour operators.

U.S. and Britain

American and British visitors were down something around 20 per cent last year, but this year looks promising. Rome has not been as full for 25 years—since the last Holy Year. Hundreds of thousands of pilgrims from all over the world throng the streets and several million are expected during the year.

The city has been bathed in magnificent weather and the streets have rarely been livelier. The pinprick strikes which have become a traditional feature of Italian life have been under-

But the declining value of the lira benefited tourists from the strong-currency countries such as West Germany, Switzerland, the Netherlands and Scandinavia... There is hope that American and British tourists will return in greater numbers. Traffic from America was hit by higher fares, while in Britain's case it was not only the general economic slump, but the bankruptcies of big tour operators.

taken so far with great humor—only half the bars followed the recent bar-owners' strike and hotel workers return to their jobs after a daylong break with great flourish and charm.

Even the staff at Rome's Fiumicino Airport are striking for shorter periods. This huge airport has become a bearable gateway to Italy's treasures.

These treasures are to be made cheaper to inspect. At the same time as procuring their gasoline coupons, tourists can buy a 600-lira card which enables them to visit all state museums, art galleries and "scavi" (archaeological sites).

There are other schemes to win back tourists and spread the season, notably off-season rates for

travel to Sardinia, Sicily and other islands. Special aid is given to charter operators taking people to Sicily or Calabria in the South and in general the new Italian regional administrations are pushing tourism.

New hotels in the south, for example, can obtain both central government and regional government help. Elsewhere, it is up to

the new regional administrations. "They are doing a good job," says ENIT, the national tourist administration. One problem is maintaining standards among hotel workers, for there is still the tendency for the best Italian chefs and maîtres d'hôtel to pack their bags and head for the big hotels of New York, London and Paris.

Regional responsibility is reflected on the ENIT board, where there are now 21 regional representatives as well as the men from the ministries, the bar and hotelkeepers, travel agents and so on.

The neglected south is pulling in risk capital for hotels, and tourist villages are attracting investors.

With cholera now a fading memory, Naples has been making a big effort to get back into the tourist business—a need made more urgent by high unemployment in the city. Hotel rates have been kept low and a major effort has just been launched to first classify and then preserve the city's many architectural treasures. An emergency fund has been set up for the first-work of restoration.

Other encouraging news is that the Ligurian coast in the north is staging a comeback after a long, difficult period when it fell out of style. The 1975 season there, say tourist officials, looks good. West German tourists will be largely responsible, although the Scandinavian charter operators have awakened to Italy and will be sending in larger numbers of vacationers.

In all, the Italians are hoping that fixed hotel prices for this year will enable them to pick up their lost tourists as well as persuade Italians to vacation at home. Until now rising travel by Italians abroad has cost two-thirds of the revenue earned from foreign tourists in Italy.

There is cautious optimism in the industry that Italy's attractions will prevail over inflation.

An Interview With the Foreign Trade Minister

(Continued from Page 15)

managing of exports through extended payments.

On the promotion front, government efforts are more concerned with quality than quantity. Resources devoted to this end barely represent one-thousandth of total export value and are used to finance every form of promotional activity—fairs, exhibitions, fact-finding missions.

The innovation introduced this year is a three-year promotional plan instead of an annual one. The Italian government has deemed it necessary—and its duty—to give Italian businessmen a programmatic indication of the main lines it will adopt over the following three-year period so that the national productive system can be adapted to envisaged changes.

The ministry has prepared a bill for the creation of "Consorzi all'esportazione" (export consortia) to facilitate and stimulate small and medium firms in their efforts to penetrate foreign markets.

In the credit insurance field, the most relevant measure has been the doubling of the so-called

insurance ceiling, that is to say, the maximum amount of exports with extended payment to be insured with a state guarantee.

This ceiling, stationary for years at 700 billion lire, has been increased for 1975 to 1,400 billion lire.

A second consideration is that the major industrial countries dispose in this field of unlimited ceilings (France, the Netherlands) or else of a revolving type (Great Britain) which allows the guarantee of a far higher percentage of exports on credit.

In this context, the Italian exporter remains clearly handicapped. The equity of instruments at our disposal has only permitted us for the past two years or so to insure the risk of rising costs which in France, for instance, is totally covered and which has been recently introduced by Great Britain—to cite only two important examples.

For these reasons, the Ministry of Foreign Trade is preparing, along with other competent authorities, measures to eliminate

the inadequacies and bottlenecks which in the past have prevented an efficient functioning of export credit insurance.

We have tried in the distribution of credit to favor—or at least not to penalize—exporting firms. We have restored in part the intervention capacity of the Mediocredito Centrale.

Our word here "agevolato" (to make easier) could lead people to believe the Italian state undertakes—fully or partially—the burden of financing exports. In reality, state contribution in this sector is justified by the difference between rates imposed by international competition and the cost of supplying credit, which by the way is higher in Italy than abroad.

Q—Does much of the credit for exports belong to the businessmen themselves. Have they gone to find the markets?

A—The government is convinced it has done everything it could, but this should not prevent recognition of the courage and enterprise shown in dramatic circumstances by Italian businessmen.

It is a recognition I personally express with utmost pleasure

because I believe private initiative is destined to carry out—in the context of the country's economic and social systems—an irreplaceable function in the search for new, more stable balances.

Q—Are new export markets being conquered by Italy?

A—The most comforting element to have emerged in such a difficult period for the Italian economy is the capacity of our industry to adapt itself immediately to the variations of foreign demand.

The Italian export spectrum in 1974 underwent geographical diversification. The rate of our concentration on the EEC market fell from 50 to 45 per cent, while there was a sharply expanding movement toward the oil-producing countries.

The export flow to the Opec area has developed a rhythm double that of average. These markets in 1973 took just over 5 per cent of Italian exports but today they take 10 per cent. In the first four months of this year the rate of expansion has risen four times that of average.

By and large in Eastern Europe we have maintained our

position despite our difficulty in granting credit.

Brasils, Nigeria, Zaire, Malaysia and Mexico are other interesting markets in which we have doubled our presence within a year starting a new dialogue based on cooperation at different levels and in various forms.

Q—How have government and industry worked together to obtain big new markets?

A—It's not always easy in a market economy to achieve harmony between state and individual interests, but in Italy it is made easier by a form of public economy which does not express itself through state intervention, but through a more ductile instrument of "participation".

In foreign trade, the connection between government action and entrepreneurial initiative comes at the moment of exploration of new markets.

The government starts the necessary political contacts to acquire knowledge of priorities around which are based national plans, defining general conditions for possible cooperation in the commercial field and sometimes at industrial level.

Once these conditions have

been determined businessmen carry out their own analysis of possibilities while the government prepares internal mechanisms and structures to put agreements into effect.

The approach is not a perfect one and often leads to delays and snags—but in a pluralistic system like ours I don't think there are many valid alternatives.

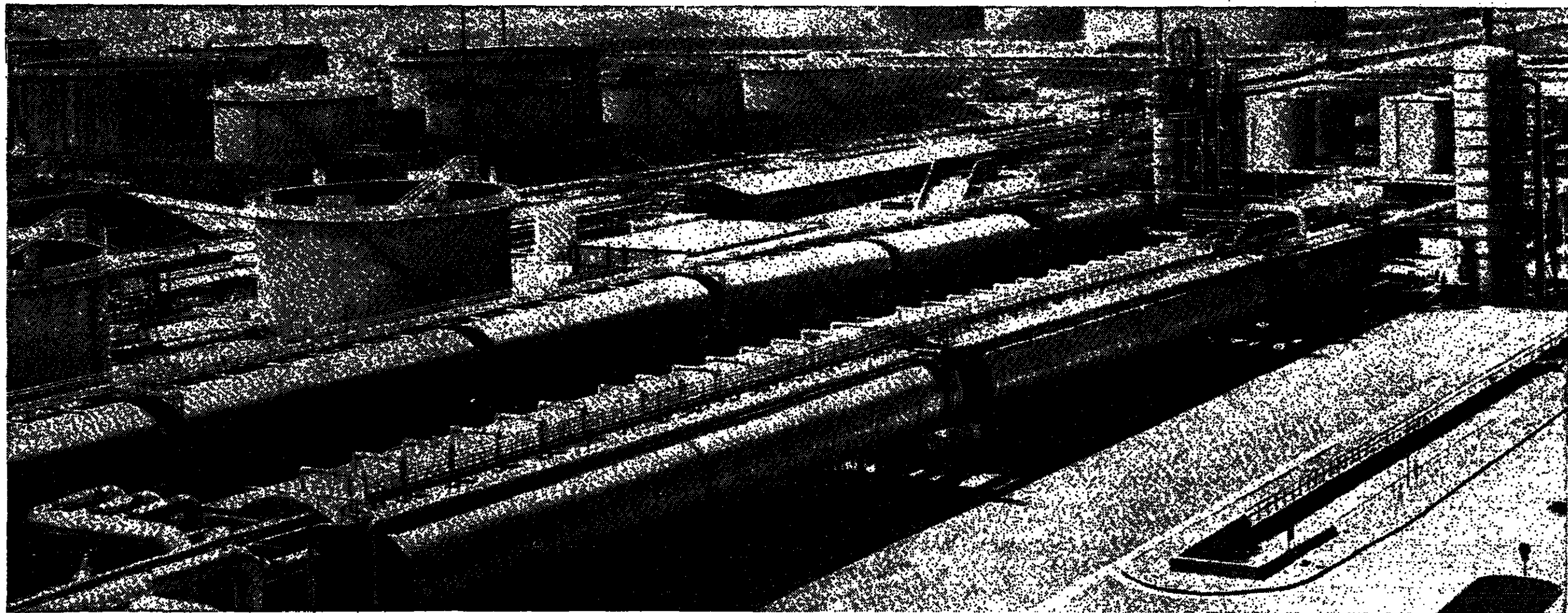
Q—Do you see real economic partnership between Italy and its major oil suppliers?

A—If you mean an ever increasing integration of markets then I can answer directly "Yes."

In order to come out of the present crisis structurally stronger, Italy has to take its productive capacity a definite leap forward in quality, gradually abandoning labor-intensive production and developing those with a higher technological content.

Oil-producing countries represent the ideal complement of our objectives. The transfer of production and technology inherent in this kind of exchange could obviously provoke temporary tensions in business and employment. Italy is ready to accept this risk as a challenge to its own capacity for transformation.

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Nations need large quantities of fresh water for both civil and industrial development. Often, where fresh water supplies are scarce, there is an immense reservoir nearby: the sea. Using its own technology, S.I.R. has already won two important contracts from the governments of Bahrain and Qatar to construct sea water

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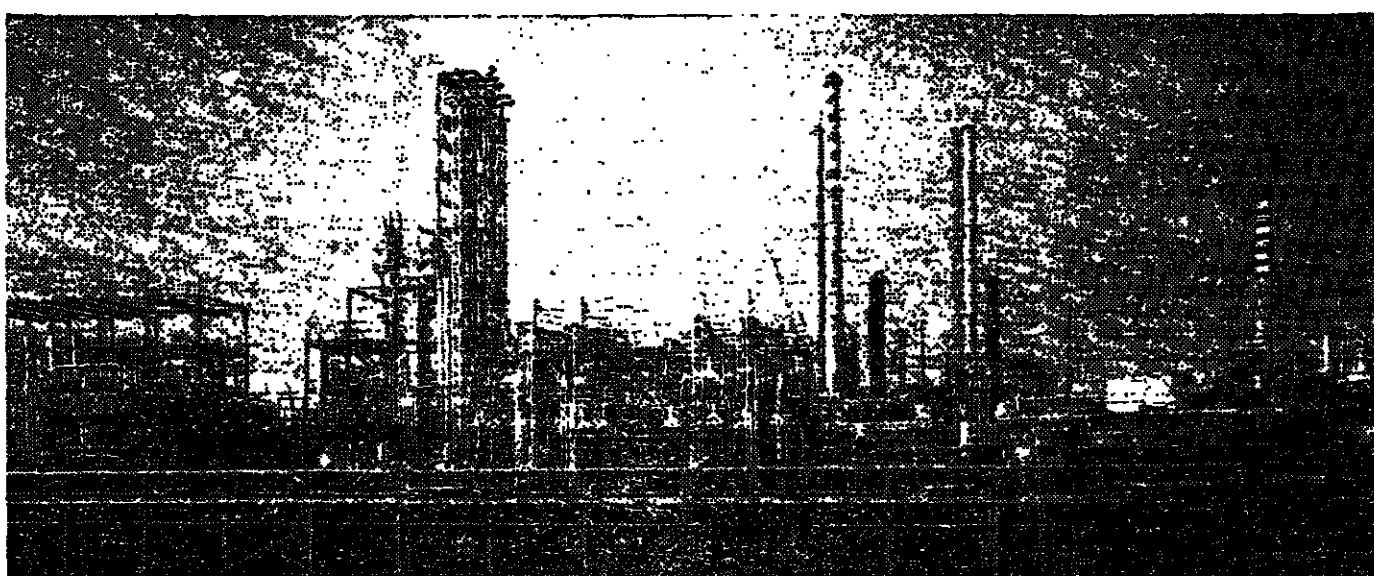
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Malossa Find

Near Milan, A Big Oil and Gas Field

By Paul Olbe

MILAN (UPI).—A big oil and natural gas field has been struck under the green, humid farmland only 12 miles east of Milan and the hope is that the field will be big enough to supply 15 per cent of Italy's energy needs.

The field is at Malossa, which is not even big enough to be a village. There are a few farm houses and one deep drilling operation is going on just a few yards from a peasant's house.

Malossa is not going to solve Italy's energy problems, as some optimists claimed at the time of the first strikes, but it is most likely a much bigger field than Agip Mineraria is admitting.

It is certainly the biggest field of natural gas and high-quality oil yet found in Italy and has raised hopes of further findings. And the nearby Milan industrial area offers a perfect outlet for production.

The area is in the River Po valley where the first large commercial gas fields were discovered in Italy more than 30 years ago.

Estimated Reserves

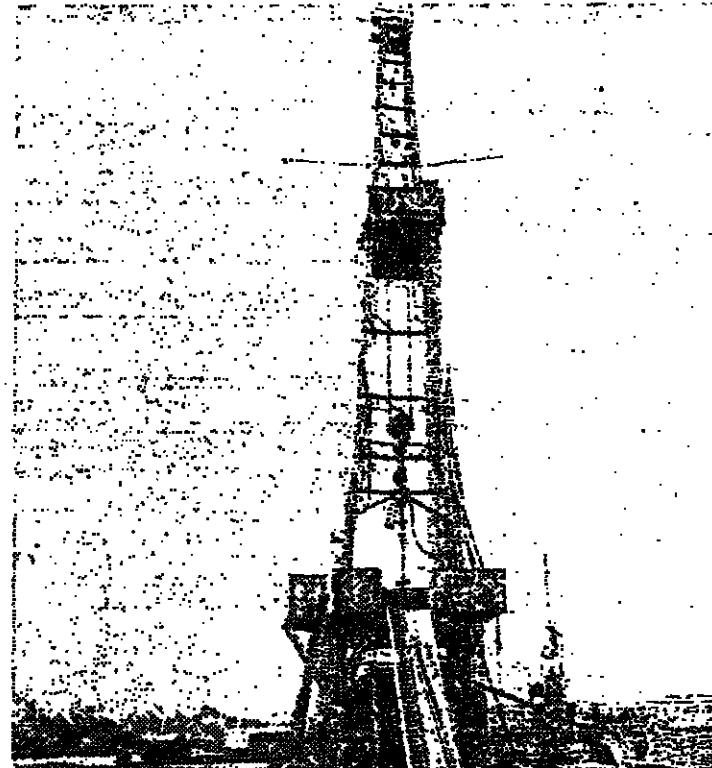
Agip Mineraria estimates reserves at Malossa as 50 billion cubic meters of natural gas and 40 million tons of oil.

An official of ENI, Agip's parent company, stated: "We are 95 per cent sure that reserves are twice as much. We are confident they are four times as much. But we are going to have to drill more wells to find out."

ENI President Raffaele Girotti estimated early this year that 30 exploratory wells were needed. There are plans now for 12 wells within the next two years and to start full exploitation of the field at the end of this year when ENI completes a plant to separate oil and natural gas.

As of now, the Malossa field produces 300 tons of crude daily and a quantity of natural gas.

There was nothing dramatic about the find. The whole of the Po Valley across to the Adriatic—and the Adriatic itself—has been probed and tested over the years. This time Agip searchers went much deeper. It was a long, costly business and special rigs had to be imported from the United States to pierce the tough Mesozoic limestone.



Drilling rig at Malossa

The new wells are in the 20,000-foot range and the pressures are so strong as to constantly jeopardize safety. "The wells are like bombs," said one ENI man. "We found we had to stop drilling for months in order to get special materials and high quality steel from Italy and the U.S."

Some Agip officials incline to caution—if only to head off charges that political capital is being made out of the find.

Dante Jaboli, director of Agip's research division, said: "Certainly the discovery of the Malossa field was a success because of its extent of quality oil and gas, but one certainly cannot suppose, as some did, that Italy might become self-sufficient in oil."

"The find is only a drop compared with total oil imports (37 million tons, last worth 6.27 billion lire). But it is a drop which might become bigger, thus keeping domestic reserves steady despite growing consumption. We can also nourish hopes of further findings in the Po Valley."

He said that seismic surveys in other areas of the valley, a large triangle covering most of northern Italy from Turin to Ravenna, showed similarities with the structures at Malossa.

Other Wells

Since the discovery of the Malossa field, Agip has started two other wells—at Turbigo, 35 miles northwest of Milan, and at Seregna, south of Bergamo. It will also start drilling soon at Leccia, 20 miles south of Milan.

"In Turbigo, natural gas traces were found at 6,200 meters," said Egidio Egidi, managing director of Agip Mineraria. "We cannot say yet we will find another big field, but there are encouraging prospects."

Giancarlo Ristori, deputy general director of Agip, added: "The deeper drillings were made possible by better technology. In 1972 we had to stop work because of lack of proper equipment. Then we got advanced machinery from

the U.S. and by the end of 1972 we hit the Malossa field."

Other technical problems at Malossa included great pressure at the bottom of the wells and temperatures over 140 degrees centigrade.

All along the big technical problem has been how to cope with pressure and so provide a safe field in a populated area.

The Quality

Still, the oil is equal in quality to the best Algerian and Nigerian crudes and the ENI plant are going up will distribute products through a gas line and oil line.

The oil pipeline will be connected with the ENI refinery of Sarnano, 50 miles from Malossa, while the natural gas line will be hooked up to the big line of gas coming from the Soviet Union.

Then yearly production at Malossa should increase to three billion cubic meters of natural gas and 2.5 million tons of oil for about 20 years.

Another calculation of what this means in overall terms was supplied by ENI. The company reckoned that Malossa production could equal 20 per cent of imports, based on 1974 figures as the 15 per cent calculation of energy consumption.

The Malossa program has already cost 40 billion lire and each well runs the company a bill to \$1.5 million.

Improvements in seismic technology—a fallout from the U.S. space program—are enabling Agip to go right through the 17,000-foot barrier.

"Our domestic hopes rely on the depths of the Po Valley," said one ENI manager. "We are also drilling west of Milan to see the size of this new reservoir."

"A reservoir of this size is not usual in Europe." For the moment the farmers of Malossa co-exist with the company drillers. The small oil and gas has not yet taint the odor of the farm, although it is difficult to pick up the scent from the nearby cheese town of Gorgonzola.

President Leone damned a yellow helmet and officially has granted the field last fall, but that Malossa was not an "old incident."

Agip obviously agrees as pours in nearly 100 million dollars to develop the new field.



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ENI



With Great Ingenuity, the Search for Oil and Gas Continues

(Continued from Page 15)

engineering and construction of a 4-million-ton-a-year refinery at Tahrir after the Italian company had completed the Shiba refinery.

In neighboring Iraq, Saipem-Progetti designed a 658-kilometer pipeline linking northern and southern oil fields, and then Saipem, ENI's pipe subsidiary, built it, along with another Italian company.

"When we build a pipeline we naturally try to supply Italian pipe," said an ENI director.

Again ENI, along with Fiat and IRI (Istituto per le Ricerche Industriali), the state holding company, has a major slice of a \$800-million contract for irrigation, land cultivation, farms and houses, roads and railways. Under this \$5.13-billion agreement, Italy and ENI receive Iraqi oil in exchange for technical assistance.

The range of ENI's services in Iraq is even more impressive. It includes the Maysan oilfield, which is studying Iraq's desert water potential over an area of 26,000 square kilometers, and the Comarit consultancy company, jointly owned with IRI, which is setting up an inventory management system for the Iraqi state oil company.

Deal With Libya

Along the North African coast, ENI has built its new partnership with another major supplier of Italy's crude and natural gas, Libya.

Under a new exploration and production agreement between the company and Libya, Agip has been awarded four additional permits, two of them offshore. The latter cover a large area which has not yet been explored but which is considered promising. The other blocks are in Cyrenaica and near the Kufra oases.

The agreement is of the production-sharing type, with Agip assuming exploration expense and risk. In the event of commercial discoveries, the Libyan National Oil Co. becomes associated in development and production, receiving a share of the oil produced.

The contract follows the understanding between the two governments at the beginning of 1974, and Libyan Premier Abdel Salam Jalloud has been back to Rome recently to discuss further cooperation with ENI.

On the other side of the ENI empire, Saipem-Progetti was awarded by the Libyans the 25-billion-lira cash contract for extending the Awajwa refinery, which it built, to a capacity of 5 million tons a year.

Engineering and construction, including materials, equipment and plant, will all come from Italy. It is this kind of deal which has enabled the Italian non-oil trade balance with the OPEC countries to swing dramatically from a 940-billion-lira deficit in the first quarter of last year to a 513-billion-lira surplus in this year's first quarter.

Pipeline to Algeria

In Algeria, ENI's interest is in natural gas rather than crude, and it will be the ENI company Saipem which will have to find the answers to the technological problem of running a gas pipeline across the Mediterranean.

Saipem will be able to draw on the North Sea, but this gas line is going to be a highly expensive proposition.

Algerians and Italians are still arguing over what the new price for gas should be, but existing energy and industrial ties between the two countries make agreement possible.

ENI signed a 25-year contract in 1973 for the supply of 11,700 million cubic meters of gas. Delivery is scheduled to begin in 1978 or 1979 through a pipeline starting in the Hassi R'Mel field in the Sahara.

The trans-Mediterranean link, however, presents enormous problems, particularly the 100-mile stretch from Cape Bon in Tunisia to Mazara del Vallo in Sicily, where for a long distance the water depth is 1,840 feet, with a highly irregular sea bed.

Messina Strait

The Strait of Messina link to Italy is less deep (1,180 feet) but here the problem is strong currents. Some 150,000 tons of Italian steel pipe will need to be laid underwater in seven parallel lines by Saipem teams operating from specially equipped vessels and fleets of minisubmarines. Altogether, a million tons of pipe will be required for the line.

An ENI director stated, "We are looking carefully at costs and we are not going to sign an agreement for the sake of signing. We hope to be able to build the line. Bechtel has done the study for us and we have carried out tests between Italy and Sicily. We have built a link anyway with Sicily."

Saipem is now acquiring the necessary know-how in the North Sea where it has laid two pipelines. It is probably the only company in the world able to carry out a job like that envisaged under the Mediterranean.

Algerian Contracts

Saipem-Progetti, of course, is present in Algeria, where its long series of contracts with Sonatrach, the Algerian state oil company, started in 1968 with construction of the Hassi R'Mel-Skikda gas line and the Hassi R'Mel-Skikda oil pipeline, and led to the 48,000-ton-a-year polyethylene plant for the petrochemical complex at Skikda.

Other ENI companies, notably Saipem, Nuovo Pignone and Comarit, have been called in to build plants and supply equipment and technical consultants.

These contracts are stable and have helped Italy to the position of Algeria's fourth trading partner behind West Germany, France and the United States, and ahead of Britain.

For example, gas-injection stations at the Hassi Messaoud field—needed to maintain pressure—are worth 25 billion lire to Nuovo Pignone, and the ENI company simultaneously picked up a two-billion-lira contract for valves for the Hassi R'Mel-Arzew natural-gas pipeline.

Saipem and Sonatrach now have a jointly owned construction company, Altip, for pipelines, chemical and petrochemical plants and oil and gas terminals.

Skikda Refinery

The biggest "boop" was the award to Saipem-Progetti of the 250-million-lira Skikda oil refinery with its goal of 15 million tons a year, raising Algeria's refining capacity to around 50 per cent of its domestic crude production.

The Italians followed up these big plant contracts by forming another company called Altip (Altip, Agip, Comarit, Terna and Nuovo Pignone with Sonatrach) for organizing gasoline storage and distribution on the Algerian market.

The heavy concentration on Arab sources has not prevented ENI, like all oil majors, from looking elsewhere, and the search for oil is being pursued in 20 countries or more, from Nigerian forests to Alaska, from the North Sea, where the company has a 13-per-cent stake in Ekofisk, to the new gas and oil field at Malossa, east of Milan, not far from the original Italian field which launched Mattel.

The company is also looking actively offshore in the Adriatic—"our best chance for new reserves" in the opinion of one ENI expert.

Advice also comes from non-experts. The company has just received a letter from a woman in southern Italy saying there must be oil there, as the steaks taste of it.

Existing Pipelines

ENI's gas branch, Saipem, has increased the importation of gas. Liquefied gas is shipped by tanker from Libya to Panigaglia, near La Spezia, while more gas flows into Italy through two international pipelines, one bringing gas from Holland and the other from the Soviet Union by way of Czechoslovakia and Austria. (The trans-Mediterranean line, if eventually built, will also run up to La Spezia, forming the backbone of the network.)

At present, 2.4 billion cubic meters is coming from Italy's own fields and another 4 billion from the Soviet Union, Holland and Libya, but contracts have been signed for 6 billion cubic meters from the Soviet Union, 6 billion from Holland and 3 billion from Libya.

ENI has had to develop refining and tanker capacity. It now has 37 million tons of refining capacity with permission to raise it to 50 million tons, and has tonnage ordered to double its million tons of shipping.

It has a refinery under construction in Sicily, which has 56 million tons of the nation's total capacity of 200 million tons.

Other refineries are sited at Bari and Livorno, shared with Esso Italiana, one near Venice, a modern one at Taranto, which big tankers can approach, others inherited from the old Shell Italiana, and the biggest at Pavia, west of Milan, where capacity is to be raised from 6.5 million tons to 10 million. This modern refinery is linked to a sea terminal and the Central European line.

North Sea Quest

ENI was a late-comer to the international oil business and has had to use imagination as a result. It was a North Sea pioneer and has been producing and marketing natural gas for some years from the Heerak field. Agip subsidiaries possess interests in English, Norwegian, Dutch and German areas in association with local and international groups.

In the Norwegian sector, Norsk Agip was a member of the Phillips group which made the first discovery, Cod, in 1968. It has extended its interests since then and now has its stake in the giant Ekofisk complex.

Saipem-Progetti's share of the North Sea adventure includes studies for the Norwegians on how submarine pipelines can cross the Norwegian Trench.

North Sea Pipeline

Saipem, ENI's technological leader, was contractor for drilling wells from platforms in the Heerak field and has drilled wells using its own ships off Norway and Ireland. It is scheduled to start drilling in the Frigg field from a fixed platform as contractor for Norwegian ELF.

The heavy concentration on Arab sources has not prevented ENI, like all oil majors, from looking elsewhere, and the search for oil is being pursued in 20 countries or more, from Nigerian forests to Alaska, from the North Sea to the new oil and gas field at Malossa.

Its big achievement was laying a 108-kilometer, 36-inch seabed, out of a total length of 165 kilometers, in depths of 130 meters for BP from the Forties field. A special test was first carried out off the coast of Gaeta, Italy, and Saipem adopted a special technical process, patented together

with BP, for "tie-in" of, under water lines.

Elsewhere in the North Sea, ENI's Tecnomare marine engineering company is doing engineering for drilling and production platforms for A.S. Norske Shell in the Albuskjell field, while the company's designers

have come up with an advanced steel gravity structure for offshore fields.

ENI too is in the nuclear business—supplying uranium, making fuel elements, working on new reactors with IRI and Fiat and possessing a stake in Euridif uranium enrichment plants.

It is big in chemicals, and Anic, its petrochemical subsidiary, had consolidated sales last year of 665 billion lire, an increase of 55 per cent.

Profits Slip

In fact, ENI's 1975-76 plan, now in the last stages of preparation, calls for 20 per cent of a total new investment of \$10 billion to be devoted to the chemical sector. The other pri-

ority, of course, is the energy sector.

The group's slip last year from profits to a slight loss was the result of higher crude prices, for ENI's consolidated sales rose steeply.

The government freezing of oil and gas prices, followed by only small adjustments, hit ENI hard and poses a question mark over the company's ability to raise the money for its ambitious investment program.

It has a serious problem of self-financing. "The government is our only shareholder and should raise our endowment fund," said an ENI man. "But the chances seem poor."

Self-financing at ENI—between 33 and 40 per cent over the last decade—has been much lower than with U.S. oil companies.

The company has issued bonds

on foreign markets, and it looks as if it will have to go to the financial market again.

It faces the difficulty of finding long-term capital while short-term capital is highly expensive in Italy.

Its other problem is the new attack by critics on its role in the Italian economy—whether it is too big, whether it is efficient enough, whether it should rescue companies in trouble in textiles and so on.

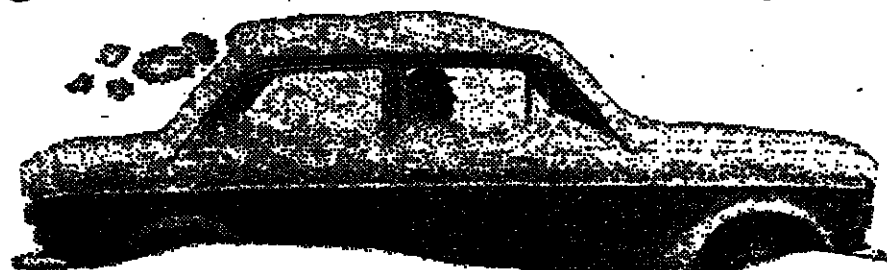
ENI is suffering in some ways from its extremely rapid growth. But there are signs that doggedness and drive, qualities possessed to a high degree by founder Mattel, are still there. The new problems come also at a time when drilling shows the new field near Milan to be a big one indeed. It was faith in the first field which got ENI started,

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of the 34 makes of cars they rated, 80% of them broke down more often than Fiats.

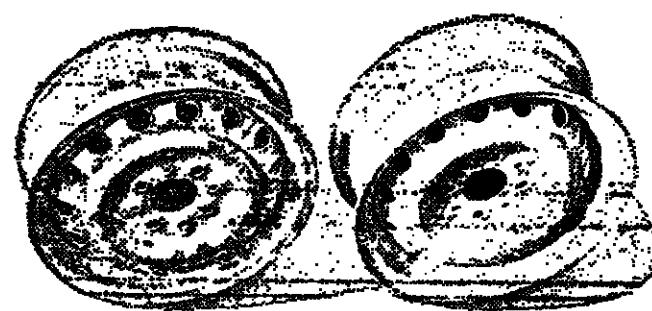
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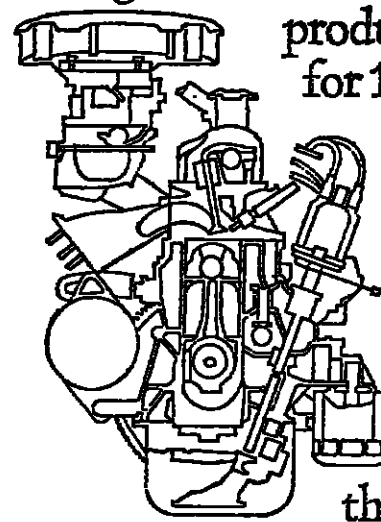
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Recession, but Montedison Gains

(Continued from Page 15)

Institutions, friendly to Mr. Cefis, took over their shares with a pledge to offer them on a priority basis to existing small shareholders. In the Italian corporate world, things are never simple but usually possess a logic of their own.

The universal belief is that Mr. Cefis emerged from the affair in a near-impenetrable position. Montedison is, therefore, set to continue on the strategic course laid down by him. It is a strategy which, coupled with some specially favorable market situations, has brought the company commercial gains despite the hostile climate of world recession.

According to company spokesmen, Montedison's recent profitability has stemmed from two developments. First has been its re-structuring which, in the words of one of its senior economists, Dr. Luigi Craici, has meant a "new level of efficiency." Because of this, Mr. Craici said, the company was able to take full advantage of the upswing in the international chemicals market in 1973 when, as a result of shortages in nearly all products, prices rose generally for the first time since 1967-68.

They Work

In an age when diversification has become a religion to many industrialists, Mr. Cefis's reign at Montedison has been marked by a fast-paced journey down the reverse road. Already an exceptionally diversified firm when he took over, he has been engaged ever since in re-shaping it into a tighter operation. To outsiders, his choices have occasionally appeared to be eclectic. But, judging by the latest financial statement, there seems to be no question that they work.

Since 1970, Montedison has progressively sold off nearly all those activities which were a heritage of the old Edison company and its involvement in the power field. These included mining, aluminum, glass and construction, as well as the company's food division. Resources instead have been concentrated in chemicals, synthetic fibers, pharmaceuticals and distribution.

But with interests, as well, in insurance, banking and finance. The latter are by no means a minor activity, what with Fininvest, Montedison's 100-per-cent-

owned financial management company, and the parent company's steady expansion into regional banking in Lombardy. A trio of Montedison-controlled banks there—Banca Lariano, Credito Legnanese and Banca Alto Milanese—have more than 100 branches and deposits in excess of 800 billion lire.

Montedison's net profits in 1974 reached \$127.9 million after depreciation of about \$253 million. It was a striking improvement over the year before when earnings totaled only \$8.7 million. The past year's profits were entirely a result of the company's industrial and distribution operations, with gross revenue from sales amounting to \$3.65 billion, an increase of 96 per cent from 1973.

Evaluation of the increase must, of course, take note of the big hike in crude oil and other raw material costs at the end of 1973 and throughout last year. Company officials pointed out that in this respect, the petrochemical division was Montedison's best performer both in terms of sales and profits. The division accounted for 75 per cent of total corporate sales, an increase of 106 per cent over the previous year.

Another big money spinner was what some observers regard as the company's most incongruous holding, the Standa chain of supermarkets which is Italy's largest retail network with more than 500 outlets. In spite of the recession cutting into consumer sales generally and the admitted heavy costs of some fresh expansion projects undertaken during the year, Standa's profits went up by 21-1/2 per cent to \$14 million.

By contrast, Montefibre, the textile division, continued to suffer losses—\$12.7 million—reflecting the worldwide textile slump that began in mid-year, according to company spokesmen. But, even here, the loss was cut by approximately one-third from the 1973 figure.

Although Montedison's pharmaceutical companies, Farmitalia and Carlo Erba, scored a small \$410,000 profit, their overall performance was actually the least good. The previous year, the two companies made a combined \$3-million profit. The meager 1974 score is blamed on "substantial" cost increases, coupled with the fact that it was not possible to

pass on higher costs to the consumer because of the Italian government's longstanding price freeze on pharmaceutical products.

During the year, a special division was created to strengthen the pharmaceutical side. In some ways, the pharmaceutical divisions have spearheaded Montedison's recent overseas expansion, most notably with the formation in the United States of the half-owned Adria Laboratories, a joint venture with the Hercules Co., the latter's first move into the pharmaceutical industry.

Joint ventures are a keystone of Montedison's current expansion plans. These are focused on overseas investment, not because of the lack of opportunity in Italy—except, possibly, in the pharmaceutical field due to the pursuit of better overall balance. As company officials emphasized, Montedison, by comparison with other great chemical companies, is still very much of a homegrown affair. Its percentage of production outside Italy is small—no more than 7 to 8 per cent—while its chief rivals carry on at least 15 per cent of their productive activities in foreign countries. It is clearly Mr. Cefis's intention to match this figure within a few years.

Forming New Companies

Although the implantation of branches of existing Montedison divisions is not ruled out, the fundamental strategy of overseas expansion involves the formation of new companies in collaboration with foreigners. In addition to Adria Laboratories, the most important move on these lines so far this year was an agreement with Monsanto of the United States for joint production in Britain of intermediate products for synthetic fibers.

There is also a reverse side to this coin: joint ventures in Italy with foreigners. In the past few months, these have most notably included the establishment of a new company, Anilina, in collaboration with Imperial Chemical Industries of Britain for the production of aniline at a plant being built at Fribio in Sicily. With Sakai of Japan, Montedison has agreed to a joint venture in the manufacture and



Eugenio Cefis

distribution of PVC tubes. The two firms already are partners in another company, Retipol, which makes polyethylene.

Beginning with an accord signed in 1972, Montedison has become the biggest furnisher of chemical plants to the Soviet Union. So far, seven complete factories—for the production of chemicals and petrochemicals—have been sold to the Russians at a value of more than \$500 million. Four of these already are under construction. But, as Dr. Craici explained, the deals with Russia involve more than merely building plants because Montedison is also buying from the Soviets intermediary chemical products. "You might call it a kind of joint venture, too," he said.

Montedison's commercial outlook for the rest of this year and into 1976 is governed by several factors of uncertainty. The "explosion of demand" for chemicals in the second half of 1973—in part, a psychological situation created by the oil crisis and heightened inflation, provoking a sentiment among buyers that it was preferable to buy now rather than pay even more later—levelled off last summer and has since declined.

According to Montedison officials, the market probably has bottomed out, but there is no assurance that another upswing will occur before many months have passed. "There have been signs of recovery in the U.S. chemicals market," said Dr. Craici. "But, in general, there is a six-month lag at least between the United States and Europe."

CAFETERIA-CARS ON ITALIAN TRAINS

1. TRAINS WITH CAFETERIAS

The first of twenty "cafeteria" cars which the State Railways ordered from the FIAT Works, went into service on the Milan-Venice line on February 28, 1975, and as the other cars are delivered these will go into service on other lines, such as: the Rome-Turin, Rome-Venice, Rome-Reggio Calabria, Venice-Milan, Rome-Bari and Rome-Milan. It is expected that all these services will be operating by this summer.

When choosing the trains where this cafeteria service would operate, several factors were taken into consideration. In some cases the new cars will replace the classical dining cars (actually five of them are being "laid up"), which, because of particular arrival and departure times, routes, stops and number of passengers using same, were being operated at a heavy loss. It will be possible to overcome this inconvenience with the "cafeteria" car and also permit another category of passengers to freely use the service without having to worry about price or ambience. In other cases, the "cafeteria" car will replace the minibar and express tray service.

This will generally be the case with frequent trains carrying many passengers over long routes, where it is necessary to offer a more or less continuous service and to be able to meet promptly the heavy demand which is concentrated above all at certain times of the day.

Where possible, the "cafeteria" car will be placed in the center of the train so as to facilitate use of some by passengers (the car may be entered from both ends).

2. ORGANIZATION OF THE SERVICE

Service on board the new car will practically be the same as in all normal self-service restaurants or cafeterias.

The food is prepared in special kitchens on the ground a few hours prior to departure, scrupulously following hygienic norms and the traditional methods of good, wholesome Italian cooking. This food, without the addition of additives, is vacuum-packed in special cellophane bags, to increase the duration of conservation, and taken into the car in special containers. Here the cold dishes are placed on the chilled counter, while the ones to be served hot are ready for placing in special ovens.

Once the trays, glasses, bread, fruit, drinks, etc. are placed ready for distribution, one of the car attendants goes along the train straight after departure announcing the service, dishes of the day offered and every other useful information (prices, times, turns, etc.). At the same time passengers may begin to go to the car to eat what they want. Shortly before meal times, the dishes to be heated are placed in hot-air ovens for a few minutes. Once the dishes are sufficiently heated, the food is removed from the cellophane wrapping and placed on the hot counter, where the customer may choose what he likes.

Once the dishes have been chosen, the passenger goes with his tray to one of the 39 places for eating which the car has (it also has 3 places for the bar) so that he may eat his meal quietly without being disturbed and enjoy the passing landscape which the train offers him through the window. The seats are placed in such a way that the diner may move without troubling his neighbour.

When he has finished, the passenger leaves his tray on the table and goes out of the car. One of the attendants on duty in the cafeteria-car immediately comes and clears away the dishes and cleans the table, ready for another customer.

Considering that each person on an average takes 30 minutes to serve himself and eat his meal, it can be

estimated that about 80 passengers will be able to eat in the cafeteria-car in an hour.

3. PRODUCTS OFFERED AND PRICES

The passenger will be able to use the new car, not only for the normal cafeteria service but also for a snack. He can go there to have a full meal, or only a coffee, a drink, a sandwich or buy a packet of cigarettes. The range of products offered, although contained within certain limits because of space, is wide and varied. The average passenger will certainly find the article that suitably meets his needs.

In particular, coffee, coffee and milk, cocoa, tea and various pastries are available for breakfast. The passenger may choose for his meal from among two types of hors d'oeuvre, two or three hot first dishes and two or three dishes with vegetables which, according to the circumstances, may be hot or cold. A wider choice is available for dessert, with a good assortment of cheeses, sweets and fruit. Prices, notwithstanding that the service is effected under the particular and difficult ambient conditions of the train which is moving rapidly from one stop to another, are not substantially different from those charged on the ground in normal self-service restaurants or cafeterias. A complete breakfast would cost 650 lire. Hors d'oeuvre cost 650 lire, soup or spaghetti 450 lire, a chicken breast 1,000 lire, a vegetable 300 lire, cheese 150 lire (this is served in two sizes, the bigger piece costing 300 lire is a snack in itself) and fruit costs 200 lire. Therefore, a complete meal can be had from 1,950 lire.

4. CHARACTERISTICS OF THE CAR AND SERVICE ATTENDANTS

The interior of the new car built for the Italian Railways by FIAT is divided into two compartments (one for the cafeteria service: collecting of trays, cutlery, dishes, etc., and the other for eating) and has, compared with self-service restaurants already operating in other countries, original innovations.

First of all it is a real cafeteria-car, that is, it is only used for this type of service.

Therefore the passenger may only buy the dishes on display and ready for consumption, he takes them himself from the various divisions on the distribution counter and once he has taken all he wants, he pays the amount due and then can take everything to his table.

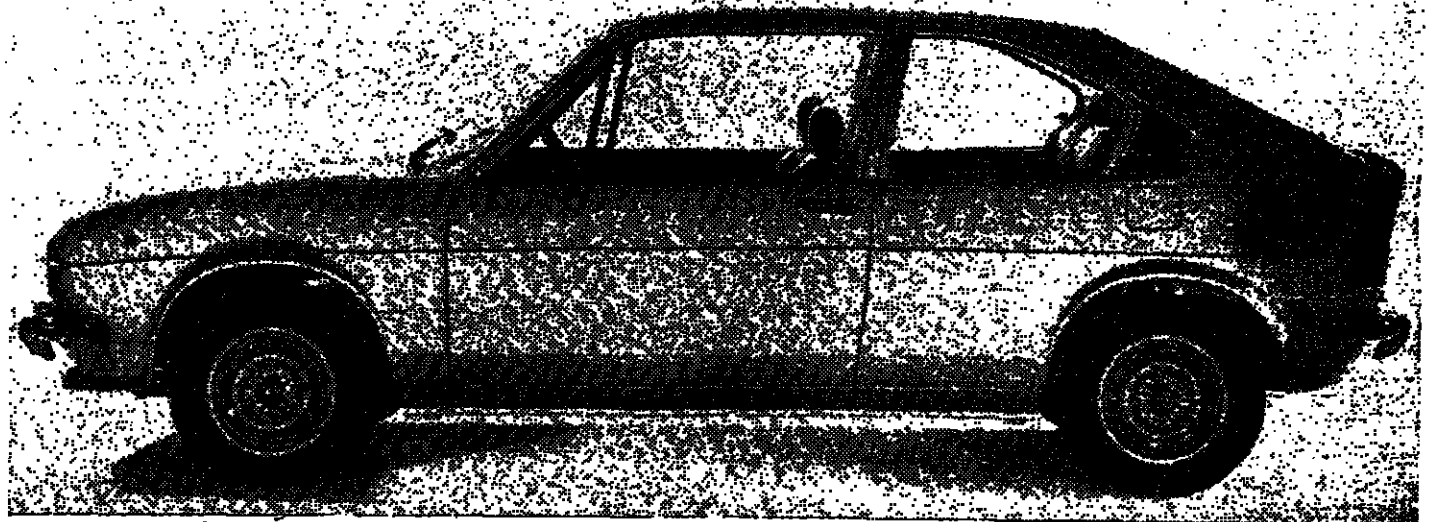
The arrangement of the tables is another feature. They are arranged lengthwise in respect to the walls thus leaving a wide central aisle, which is divided by a handrail running down the center of the car; this helps the passenger to keep his balance when he has both hands occupied in carrying his tray.

The dining-room is separated from the bar by a glass wall.

The whole ambience is cozy and functional, the colors are pleasant, the lighting is rational and there is very efficient heat and sound proofing. Furthermore comfort is completed by a modern air-conditioning plant, by the stability and quietness of the journey (the car can travel up to 200 km/h, maintaining satisfactory traveling conditions).

The cafeteria-car is painted grey outside, broken by a blue central stripe between two red ones. The words "self-service" are in the center and these are made more evident by a crossed fork and knife pointed before and after the words.

FERROVIE DELLO STATO — ITALY



From January 1975 Alfa Romeo offers
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The new ALFASUD production offers higher engine elasticity, thus reducing gasoline consumption.

ENEL



The Nuclear Program Is Pushed Despite Opposition

(Continued from Page 15)

clear program, while the United States has its independence program. For Italy, too, these questions are vital.

Given the money and permission to pursue its policy, the state concern reckons that within 10 years nuclear production could be a substitute for 35 to 40 million tons of oil and double that figure by 1990. Thousands of billions of lire could be saved annually.

Other experts challenge these conclusions, saying that Italy will continue to need oil and gas as its main energy sources for the next decade or so, but Prof. Angelini is firm in his conviction that major new sources are needed now.

Which of the two major problems—the financing of the program or the objections of environmentalists—will prove the most difficult? Some Italians think the majors can be persuaded to change their minds, adding that money can always be found at home or abroad.

Prof. Angelini thinks differently. "I think the government intends to solve these financial problems. It is the problem of sites which is serious."

He has tried to get across his message in TV debates, radio talks and lectures. He has had ENEL draw up a detailed study of 4,500 miles of the Italian coastline, examining all commercial, social and pollution aspects stemming from the installation of nuclear power stations.



Arnaldo Angelini

The problem of safeguarding the environment in such a tourist-sensitive country as Italy did not begin with the nuclear program. The siting of classic plants provoked the same questions and local authorities objected to what they thought would be pollution of the atmosphere.

ENEL replied in this case that the level of pollution would be largely inferior to that set by law, warning at the same time "of the risk to the nation caused by intransigent opposition to the construction of new sites."

There has been an intense campaign to inform public opinion, but the result is that new construction did not keep pace with rising demand. The winter of 1973 saw a new law, No. 880, designed to regulate the sites for new plants. The law enabled the regions to participate in the choice of sites, but still the opposition continued despite the lowering of levels of acceptable pollution and an ENEL-financed network of chemical and meteorological stations.

The feeling at ENEL now is that this law needs to be repealed, that mayors may be holding

out for a package of aid before giving the nuclear go-ahead.

Pending the completion of the Caorso station, on the River Po, ENEL has been operating three nuclear centers—Latina, with a graphite-gas reactor of the British type, Gorigliano, with a light water reactor, and Trino Vercellese, with a pressurized light water reactor. These three centers have a combined power capacity of only 600,000 kilowatts. It means that Italy lags far behind in the field of nuclear capacity.

Of the four new nuclear plants planned in the near future, two would be sited on the Tyrrhenian coast—two later ones would also be placed there—and two on the Adriatic, in the Molise district.

Sufficient Flow

The coastal sites were chosen because only the Po, of all the Italian rivers, has sufficient flow to support cooling water requirements. ENEL says that if the new plants were built back from the coast, say four to five miles, expensive canals would have to be built.

The financial problem is not a small one. ENEL has long considered itself the poor sister among Italy's utilities. From the time the state took over the electricity business, ENEL has complained about its poor financial situation. It took on much larger debts at the time of nationalization than similar new state corporations in Britain and France.

ENEL adds that it was not given any real capital at the start of its life and that 10 years later it was granted an annual fund of only 50 billion lire a year for five years. In the period from 1963 to 1973, the agency had to meet expenses of 8 billion lire—for investment in new plant and debts. At the same time prices were frozen at 1959 levels, although maintenance charges increased rapidly, reducing the margin of self-financing. ENEL borrowed money at home and abroad.

The situation of British and French agencies, says ENEL, was very different, with the British government assuming direct responsibility for long-term financing and the French given a stable annual fund.

The Italian corporation says its whole financial position was falsified by the blocking of prices for 15 years. In August price rises were finally authorized, with different increases for different classes of customer, but averaging 40 per cent. The electrical authority says this was absorbed by the increase in fuel costs.

Prof. Angelini thinks it indispensable that some sort of financial equilibrium be established before embarking on the nuclear program proper.

He does not say so himself, but other house experts argue that a further increase in electricity prices is necessary, as well as low-interest, long-term loans and the kind of aid received by the British and French electricity authorities.

After investing 8 trillion lire during the last 13 years, ENEL needs a similar sum to launch its nuclear program over the next five.

"This sum of \$12 billion to \$13 billion is, of course, a great amount of money, but we need it to satisfy our energy needs over the next years," said Prof. Angelini.

The CIFE ministerial committee is currently studying ways to put ENEL's finances on a sounder footing and the agency has been looking closely at its costs, increasing personnel over the decade by only 30 per cent, compared with a production rise of 140 per cent.

The aim has been a constant increase in plant yield. ENEL has achieved a 10-per-cent saving in fuel consumption amounting to 70 billion lire last year. There have been other savings across the board—the realization of a primary network for the transmission of high tension energy and enlarged transmission capac-

ity, as well as automation in operating procedures and research, standardization and better management of waste materials.

Native Ingenuity

At ENEL's headquarters in Rome, no attempt is made to hide the agency's serious self-financing problems. In the first years of its life, ENEL was able to finance 50 to 60 per cent of investments in new plants. But from the 1960s, this percentage rapidly dwindled, to practically disappear by 1973.

The agency therefore was forced

to rely on an ingenuity that is native to the Italians, developing existing resources to the limit and building cut-rate power plants.

It devoted itself to the complete utilization of hydroelectric sources, including those already tapped, remodeled old plants and built new ones with energy pumps. The unit cost of these plants is still inferior to that of traditional thermoelectric plants.

The scope of this work was bigger than anything in the European Economic Community. New hydroelectric plants and old plants with remodeled pumping systems capable of carrying about 2 million kilowatts entered service

and plant with a potential of 4.5 million kilowatts is under construction.

This important back-up program proved wise in view of the opposition faced by the thermoelectric program. Back in 1967, the state corporation complained in an official report:

"We cannot but regret the many difficulties we meet in obtaining from the various authorities permission to construct new plants and power lines. We find it necessary to repeat again the grave risk of finding ourselves unable to guarantee the ever-increasing demand for electrical energy which would result in

grave consequences for the economic and social development of the country."

Prof. Angelini and his men are saying the same thing today about the delays with the nuclear program.

The fact, he says, is that electricity needs are likely to double every 10 years. Nuclear power plants of about 1,000 MW each cost double traditional stations, but less of them were needed.

Some traditional plants have been authorized—four units each of 640,000 kilowatts on the Tyrrhenian coast and four of 320,000 kilowatts in east Lombardy.

But to meet the urgent shortage of power, ENEL has had to plan the construction of five turbogas plants in central and southern Italy. These can be built quickly—in about two years—cost less per megawatt than classic stations and cost half as much as nuclear plants but are more expensive to run.

Even this program was held up by local objections, although the latest word from ENEL is that local approval will be forthcoming.

"Our local authorities have a lot of power," an ENEL officer complained.



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IRI



The Institutional Framework Aims to Meet Society's Needs

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circles in IRI's experience has become more apparent in relation to the task of reorganization and rationalization of state intervention under way in many countries.

Nonetheless, it is difficult, if not impossible, to trace a precise parallel between bodies which, even if similar in appearance, differ in practice for historical and environmental reasons, in their objectives, in the financial rules regulating them, and so on.

Let me confine myself to IRI's basic features. I believe it can be stated that its 42 years of life have generally allowed it to recognize and interpret the needs and demands of the country, to match its growth by flexibility, to meet the interests and expectations of public opinion.

What characteristics of IRI make it a valid entrepreneurial instrument for the implementation of the government's economic policy?

Integrated Ventures

Its multisectoral structure: this provides the technical and financial conditions for undertakings of large size and significance, and for organic and integrated ventures molded in keeping with the needs which progressively emerge from the country's economic development.

Its autonomy provides it with the possibility for defining, in the framework of general guidelines, the technical and economic platform for the development of the group's member companies. This includes profitability—even if deferred over time—investments, and operations, making management responsible for achieving these objectives.

Lastly, parity of conditions with private enterprise in the framework of a market economy: parity in the legal sense (joint stock companies), in the type of activity and in operational conditions. On this score, it need only be recalled that the group obtains 90 per cent of all its capital requirements from the market at current rates of interest.

It is in just these characteristics that the particular nature of the IRI formula lies. It differs from the nationalization principle, which tends to supplant private enterprise, while IRI's action has always tended to facilitate the overall development of all parts, public and private, of a market economy.

It is not for me to assess whether our particular experience can prove a useful point of reference for the solution of problems other countries have to face. I do think, however, that one can conclude that it is not correct to assume that public aims and economic management are always and necessarily in conflict.

Indeed, it is often possible at one and the same time to satisfy the need for making a return on assets typical of all healthy company operations and the interests of the community expressed by the government.

There is no desire here to lay the ground for institutional changes, but rather an effort is being made to allow the institutional framework to answer effectively the increasingly pressing demands of society.

Q—How has IRI helped in preparing Italy's economic structure for fitting into the European Economic Community and how has it been able to achieve its successes in the steel sector?

A—I remember an article a few years ago on the part played by IRI in Italian economic development which quoted the exclamation of one of the participants in the meetings for setting up the European Coal and Steel Community: "These Italians! All that noise! And they have got neither coal nor steel!"

There were few, the paper went on to say, who believed in the chances of developing the Italian steel industry, and those few were in IRI.

In reality, for a country such as ours, poor in raw materials and densely populated, whose economic balance for the purposes of world trade was conditioned by the consolidation of a manufacturing industry capable of exporting on competitive terms

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on foreign markets, there was from the start no real alternative to European integration.

Thanks to the group's large-scale intervention in this sector, with the building of integrated steel centers located on the sea coast, which made it possible to minimize the cost of raw-material transport, it was possible to endow the country with a competitive steel industry, which has played a part of primary importance in the development of its engineering sector, without damaging the already existing private steel industry. Today the group's steel output accounts for about 55 per cent of the national total.

Even though intervention in steel is an important example of IRI's activities, we cannot forget what the group has done in other fundamental sectors, such as transport and communications, which in those times were other weak points in the national economy.

I refer here in particular to the laying of a modern telephone network, to IRI's contribution to an efficient highway system, to national and international air transport.

Q—Where does IRI obtain its capital?

A—Unquestionably the IRI group's capital-raising mechanism is one of the key features of our formula.

Recourse to the market for virtually all capital requirements makes it possible to achieve the objective of directing private savings into undertakings of general interest to the com-

munity, but at the same time management must produce profitable results so as to be able to remunerate capital raised.

This mechanism is an important contribution to the interrelationship between business efficiency and public interest.

In fact, public financing of the group is limited to the institute's endowment fund, which represents what for a joint stock company is its issued capital. This fund can only be increased by a decision taken in parliament and accounts for about 10 per cent of IRI investments.

So the group's capital requirements are covered by the companies' drawing on such normal sources of capital and undistributed earnings, short or long-term loans, share issues by the firms themselves, or else by the issue of bonds which can also be made by the institute itself.

Q—Why is IRI not a suitable body for salvaging ailing firms?

A—It is clear from what I have said that IRI's role in the post-war period has not been that of a home for sick industry, but rather that of a support for the country's industrial development. This has enabled it to create an industrial group capable of operating on the market on the same terms as competing firms of the private sector.

The group's activities and organization, then, have always been structured in keeping with a strictly entrepreneurial role. As is well known, criteria gov-

erning management of enterprises aiming at insuring the best results in firms soundly operating on the market are very different from those for a salvage job aimed at tackling financial and organizational problems so that firms that have lost their place in the market can reacquire their economic validity, and be restored to private hands.

To unite these roles in a single body would mean confusion and would prejudice the possibility of either task being performed properly.

Q—How is the relationship with the private sector maintained?

A—The concept I've spelled out in describing the characteristics of IRI presupposes a historical sit-



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uation in which, while considerable opportunities exist for calling on voluntary savings for the financing of enterprise, there is on the other hand an inadequate supply of risk capital.

The coexistence of these two conditions, conflicting as they may be at first sight, is precisely what links the IRI formula to the conditions prevailing in the Italian economy.

In fact, in Italy we have the approach and behavior proper to a developed industrial economy on the one hand, and serious survivals of age-old backwardness on the other.

Following clear legal requirements, which oblige the institute to devote to the southern regions not less than 60 per cent of its annual investments and to locate there 80 per cent of its new ventures, IRI's commitments have developed along two complementary lines—the creation of major basic industrial plant and infrastructures, and the increase of investments in manufacturing industry—which have largely contributed to the determination of strategic orientation and operational characteristics.

This commitment has meant the setting up in the south of the peninsula of large, productively autonomous, competitive, technologically advanced industrial units.

This involves a range of activities which, besides electronics (a technically advanced sector linked, in keeping with the logic of a multisectoral group, to the development and modernization of telecommunications), embraces steel (the integrated steel works at Taranto alone—one of the most modern in Europe—has a capacity of more than 10 million tons of steel a year), automobiles, aircraft construction, telephones and highways.

Acting on terms of parity with private firms, the group's companies follow their operating logic and hence according to circumstances find themselves in competition or in cooperation depending on market prospects, through the development of important agreements with Italian and foreign groups.

The public aspect is to be seen in the decision-making stage in the group's investment programs, in which account is taken of the need to contribute to correct and harmonious development of the national economy, while management activities in the normal sense are no different from those regulating activities in private industry—maximum efficiency and profitability.

Q—What are the most suitable ways for resolving the problems of the Mezzogiorno and the role IRI should play?

A—The problem of Italy's Mezzogiorno has been for IRI the decisive test of its structure and capacity for enterprise.

Private Firms

70,000 Jobs

In this picture of new vitality in the Mezzogiorno (where the group in 10 years has created over 70,000 new jobs, making a contribution of major significance to the overall increase in employment in manufacturing in the area), pre-existing activities have also been inserted.

These have been progressively rationalized and specialized. This is so in electrical engineering and shipbuilding, which have emerged for good now from a generally stagnant situation and are firmly directed at international markets.

It is clear, however, that IRI and other state shareholding groups could not have resolved the problem of the Mezzogiorno on their own. It is a problem which has to be faced through the common efforts of all political, economic and cultural forces in the country in order to bring out to the full the human capabilities existing there.



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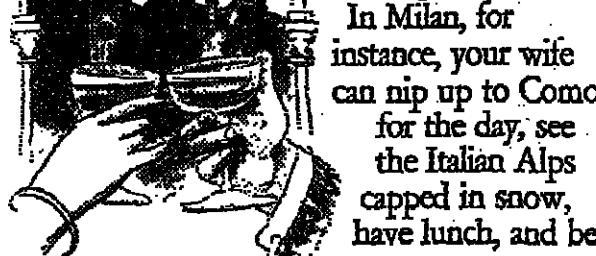
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